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## Legislative Assembly of Ontario

First Session, 36th Parliament

## Assemblée législative de l'Ontario

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# Official Report of Debates (Hansard)

Thursday 7 March 1996

# Journal des débats (Hansard)

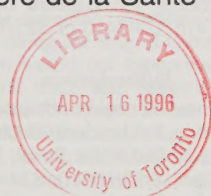
Jeudi 7 mars 1996

Standing committee on  
estimates

Comité permanent des  
budgets des dépenses

Ministry of Health

Ministère de la Santé



Chair: Alvin Curling  
Clerk: Tannis Manikel

Président : Alvin Curling  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATES

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COMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Jeudi 7 mars 1996

*The committee met at 0911 in committee room 1.*

## MINISTRY OF HEALTH

**The Acting Chair (Mr John C. Cleary):** Good morning. We're short one of the parties, but I'm sure they'll be here later on. I know there are a lot of very important questions, very important issues, so I think we should get on with this. I think when we left off we were in 20-minute rotations. It's my understanding that the government party was last, so if everyone agrees we could move to the Liberal Party now for its 20-minute rotation.

**Mrs Elinor Caplan (Oriole):** I appreciate the opportunity to be here and I appreciate the fact that the minister is here. Having experienced Health estimates myself, I know what fun it can be and also how important it is, because it is an opportunity we have to ask some questions that I think concern many across the province.

Rather than starting with any kind of an opening statement, I'd like to go directly to questions.

I read your opening statement, Jim, and we could have quite some time debating some of the content. I only have one question that I think should be put on the record.

We just began, David, 30 seconds ago.

**Mr David S. Cooke (Windsor-Riverside):** I was lost.

**Mrs Caplan:** That's the point that you made in the first part of your comments, when you referred to the concern that everyone has, and that is the cost of debt servicing as a rationale for many of the actions that you're taking. Notwithstanding your election commitment to not touch a penny of the Health budget, you've admitted that your policy, in effect, is to see the cost to debt service reduced. I support that goal.

However, the economic indicators that we have, as produced in your own documents, suggest that your concern about the cost of debt service, the fact that—and you use this term—“We're spending a million dollars more than we're taking in,” that's actually going to increase as a result of your policy, because you're going to be borrowing \$20 billion to pay for your tax cut, so that the cost of public debt service is actually going to be increasing and you're going to be borrowing for that tax cut.

I put it to you as Minister of Health, you're taking \$1.3 billion out of hospitals and you're doing it very quickly. People believe that's being done to pay for a tax cut. We know that if you're going to cut taxes and reduce the deficit as you're doing gradually—you're gradually reducing the deficit, but you are rapidly making these cuts. How can you justify this to communities that are concerned about getting the health care that they need

when they need it, having access to services in their hospitals, services they need?

What I'm hearing from people is that they would rather that you put the money that you will be spending on your tax cut into maintaining important and needed health services. So when they hear your argument that says, “We're spending more than we're taking in,” they understand that, but they don't understand how you can justify borrowing an additional \$5 billion that annualizes out over your term in office to \$20 billion. They say: “Why are you making these cuts to our health services to provide us with a tax cut? We'd rather have the health services.”

You raised it in your opening comments, which is why I think it's fair to raise it at the beginning. I then want to get into detailed questions of your policies and the impact on communities. But I think it's a fair question.

**Hon Jim Wilson (Minister of Health):** Do you want me to answer that?

**Mrs Caplan:** Yes, I would.

**Hon Mr Wilson:** It is a fair question. If I recall the commitments of the parties during the election campaign, I think we had the NDP saying they were not going to give a tax cut but balance the budget over three years, and the Liberal Party, as I recall, was going to give a tax cut of some \$2 billion and balance the budget over four years—

**Mrs Caplan:** No, \$350 million annually, \$1.5 billion and a balance at the end of four years.

**Hon Mr Wilson:** I just read the red book last night and it was \$2 billion over four years.

We simply said, and I think your party agreed, that the tax cut was needed in jurisdictions where taxes are high—and our taxes are high—to help stimulate the economy and to create jobs. It would be all for naught if we simply made spending reductions or cuts and didn't create any jobs along the way. It is our economic stimulus. We said we would cut approximately \$4 billion in taxes in the first three full budgets and to make the spending cuts over five years. So the difference between the parties was \$2 billion and reduce the deficit over four years; we said a tax cut of \$4 billion. It will take an extra year, and I know we were criticized. I think the fifth edition of the Common Sense Revolution did move us from a four-year target to a five-year target. We were criticized for expanding the time frame to accommodate all that we wanted to do.

It's a frustration I have when I see the federal budget of last night, really nothing to stimulate the economy or return money to consumers so they can stimulate the economy. We know where tax cuts have been applied in the past—for instance, the 1982 recession, where there



was a major tax cut on retail sales tax to stimulate the economy—that worked, and in our history it has happened about three times; not as large, mind you, as what we're doing, but it does work. You'll note Mr Klein today in the paper saying he doesn't necessarily agree with it, but Mr Klein doesn't have the high taxes that we have. Really, a tax cut to stimulate the economy only works in economies where your taxes are exceedingly high, and I think there isn't much argument that our taxes are high.

**Mr Cooke:** You don't stimulate the economy when you take \$6 billion out of the system and then put a little bit back.

**Hon Mr Wilson:** With respect to maintaining health services, we are doing that. We have not cut health care. We are making cuts in other areas of government to maintain the health care envelope. I think people understand that and they also understand that we have not cut health services. We are reducing transfers to hospitals, as the Finance minister announced in November, over three years. As we achieve those savings, as we actually have those savings in hand, then we will make reinvestments over the life of the government and probably into the next government, because some of those savings won't be achieved—even with the best efforts of restructuring, we may not see cash in hand during the life of this government for some of that money coming in hospitals.

0920

**Mrs Caplan:** I'm not going to refer to testimony at other committees, but the result of your policy, as stated in your own Common Sense Revolution document, says that your policies create a significant drag on the economy; that means, slow down the economy as a result of your policies. So clearly, when you say that you're stimulating the economy, that's not the result of what you said you're doing. But I did want to make the point on the tax cut, just so that we're clear and we understand, when you refer to what our policy was, we were talking about a \$350-million annual, spread out over five years, targeted to stimulating business. Everyone has said that a 30% cut in the income tax rate will not achieve the objective. What communities are seeing is a \$1.3-billion cut to transfers to hospitals. We committed to maintaining a flat line for the hospital transfers for five years. People thought you committed to that too when you said, "Not one penny from health care."

We can get into all kinds of debate and discussion and rhetoric; that's not my intention. My intention here today is to say what people are saying to you: We would rather know that we have the hospital services and the health services available to us. We see you cutting. Our hospitals just received notices of cuts that are going to affect services. Layoff notices are going out. I've spoken with many of these hospitals and they are saying these are service cuts. So these communities want to know, if you're cutting the services in the hospital, where is your plan to make sure that people will have access to these services? If it's not in the hospital, where's the plan to tell them where they're going to be able to get these services? All they see are the cuts.

**Hon Mr Wilson:** With respect to the economic drag that's created, that's fully explained in the charts in the

Common Sense Revolution document. There's a marginal drag on the economy. The economic model, though, does indicate thousands of new jobs being created. We know that in economies that have cut taxes there's about a two-year drag from the withdrawal of government spending in the economy and transferring that into consumer spending in the economy. We expect to see jobs pick up as a result of the tax cut. It won't be immediate, though. Some people will save the money, some people will pay down debts, others will spend it on new shoes for the kids. The fact of the matter is, in economies that have gone down this road in the past it's been a net positive for those economies where taxes are high. Our commitment to health care is maintained at \$17.4 billion, and you know the red book indicated \$17 billion.

**Mrs Caplan:** That's not true, Jim.

**Hon Mr Wilson:** It says it on seven occasions in the book.

**Mrs Caplan:** Jim, let's be fair.

**Hon Mr Wilson:** You made us be very clear about our decimal point, about our number after the decimal point, and your number is very clearly zero.

**Mr Cooke:** You haven't fudged, Jim?

**Mrs Caplan:** That's right.

**Hon Mr Wilson:** Your number is very clearly zero after the decimal point of \$17 billion.

**Mrs Caplan:** That is not true and that is not fair.

**Hon Mr Wilson:** It is true. Have you got a copy of the red book? That's the book you sent out to the people of Ontario and it says in many places \$17 billion.

**Mrs Caplan:** Listen, you know that is not true.

**Hon Mr Wilson:** And you were going to balance the books over four years.

**Mrs Caplan:** That is true. That is absolutely correct and we were going to do it.

**Hon Mr Wilson:** So given that we're doing it over five years, given that our tax cut isn't the difference—you also believed in tax cuts of \$2 billion—you would have had to make significant cuts outside of the health care envelope if you were to preserve that envelope, and that's what we're doing.

**Mrs Caplan:** The fact that your tax cut, which is going to cost you \$20 billion over the five years when it's annualized, that you're going to have to borrow that \$20 billion and the fact that 50% of that tax cut is going to the top 10% of the population—based on the calculations of your own Common Sense Revolution of how you're going to it, an across-the-board 30% cut in the rate works out to a figure that says that the wealthiest 10% of the population are going to get 50% of the benefit of that cut—to me that's not healthy public policy.

What I want to discuss with you is, how are people going to get the services that they need when their hospitals are downsizing? That's the issue for you. We can discuss what your policy or our policy was going to do. You won the election. We expect you to do what you said you were going to do. You said you weren't going to touch one penny. You said people were going to be able to have confidence that they'd be able to get the services they needed. They are being told by their hospitals, and I am getting phone calls from across this province,



that services are being cut. People are asking, where are these services going to be provided? I'm asking you today, where's your plan?

**Hon Mr Wilson:** The plan is contained in each community, in their district health councils. The NDP quite correctly, when they sent district health councils and hospital restructuring committees to work on developing plans for the local communities, made very sure that reinvestments were outlined in those plans for beefing up community-based services.

You'll see an increase in our actual estimates this year, a slight increase. Contrary to some of the letters I get from the people of Ontario, there's been a net increase in community-based services. We've not cut one penny in community-based services. There will be more money, as we get money out of the waste in duplication in administration in our hospital structure, and reinvest that in communities. In Metro Toronto, you know the reinvestment's about \$75 million. Windsor, which we hope to have some good news for in the very near future, also talks about a significant reinvestment in community-based services.

I think all three parties agree that in Ontario today and in the future we'll continue to have a mix of institutions, community care, home-based care and long-term-care facility care. As you know, because it was your party that started it, and I agree with it, we're shifting our investments into beefing up community services, and that's what we're doing.

With respect to the tax cut, 80% of the tax cut goes to those earning less than \$50,000 a year. I'd also remind you, because in the same breath we talk about a tax cut, in fact page 2 of the Common Sense Revolution talks about the fair share health levy before you get to page 3, which talks about the tax cut, and that is the great leveler. That ensures that people earning over \$50,000 a year don't get a proportionately larger tax break and that they will have to pay a fair share health levy. Otherwise you're right, we would be giving millionaires, of which there aren't that many left in Ontario, a significantly proportionately larger tax cut than anyone else. So we were very careful to emphasize the fairness of our program.

You talk about the people of Ontario, some saying not to move on the tax cut, others saying—I think overriding all that is they want politicians to do what they said they were going to do, and we are bang on our plan to deliver exactly what we have a mandate to deliver to the people of Ontario.

**Mrs Caplan:** Well, I'll tell you, I don't think people think you're bang on your plan. I don't think they feel that you have a plan for making sure they have access to services in their community. I think they are reeling from the letters that were sent out to hospitals, and I think the research that we've done, which takes into account your health levy, shows that the tax break that is going to the wealthiest of Ontarians frankly is obscene and that it's not going to have the effect that you hope it will have.

The other issue you've raised—and I have to say that everyone knows one of the greatest indicators of the health of society is people's ability to work. The one statement you make that I think people will hold you absolutely accountable for is the 725,000 jobs. There is

no indication that that is achievable, and you'll be held accountable for that, because that's—you know, someone said to me, "A 30% cut in income tax is great, but if I'm not earning any income, that's not doing me much good if I just lost my job" as a result of the massive cuts that you're making to pay for that 30% cut in the rate of income tax.

But I want to go back to the effect of the cuts in transfers to hospitals and deal a little bit with the formula that you used. I've been told and I'd like you to confirm that hospitals that were successful in having the support of their community in fund-raising efforts were penalized and actually had larger cuts because of the additional revenues that didn't come from the Ministry of Health, that when you made the cut you made it on revenue from all sources as opposed to just based on the revenue they receive from the ministry. Could you tell me if that's accurate?

**Hon Mr Wilson:** It isn't accurate and the formula doesn't have a fund-raising component in it. This is the first time that government hasn't cut across the board and we're trying to recognize those hospitals that have done significant restructuring and not penalize them for the work that they've done to date under governments of all three stripes.

The formula also I think showed tremendous faith and a true partnership with the Ontario Hospital Association. It was worked out, as you know, at the joint policy and planning committee, the JPPC, at arm's length from myself, and I have to commend the hospital association, which worked very, very hard. Mark Rochon was certainly one of the major authors of the formula. He is a hospital CEO himself, and I think it's as fair as we could humanly put together at the time. And most hospitals, I must say, have been very pleased with the approach. Those that know they've done restructuring received a lower reduction and those that have more work to do received a higher reduction.

I'll be the first to admit to you, Ms Caplan, that this is new ground and there may be some corrections that we'll have to make in year two to the formula to better recognize growth. This time we put forward a \$25-million growth fund. They're still working out the details how high-growth areas and those hospitals will apply to that fund or what the criteria will be, but I would personally like to see growth factors better integrated into the formula for next year, that's for sure, because that's been difficult—

**Mrs Caplan:** What about the growth factors—

**The Acting Chair:** We're going to have to move on. The 20 minutes is up.

0930

**Mr Cooke:** I just have a few questions. I don't pretend to be as up to date on health care policy as I thought I was a few years ago, but when Mr Laughren is back full-time I'm sure he'll get after the minister in a more comprehensive, competent way than I'm going to try.

I do want to try to get some information from you, and I want to start by just asking if you or your staff could run through for me the announcements that you've made to date on reinvestment, because some of the public announcements have not had dollars amounts attached to



them and I'd like to, for the purposes of the estimates and the record, run through those and find out how much money is being spent on those reinvestment announcements in fiscal year 1995-96 and which ones have any outlay of dollars in 1996-97.

**Hon Mr Wilson:** Yes. The dollar amount we'll provide in most of the media reports, because, as you know, Mr Cooke, that's usually the first question they ask you when you make an announcement. There are dollars attributed to most of the announcements.

**Mr Cooke:** There's a few that weren't.

**Hon Mr Wilson:** As you know, they've ranged from increasing cardiac surgery capacity to 20% over two years rather than the recommendation of—

**Mr Cooke:** Mr Minister, could we run through them one by one just with the dollar amounts attached to them? I just want to get a few factual things on the record.

**Hon Mr Wilson:** I can do some of them off the top of my head: dialysis, \$25 million; paramedic training, \$15 million.

**Mr Cooke:** Dialysis is—

**Hon Mr Wilson:** It's an expansion.

**Mr Cooke:** Oh, I understand that, but 1995-96, how much is being spent?

**Hon Mr Wilson:** We'll provide you with a breakdown of those reinvestments when our estimates are up before this committee. Our estimates aren't up. These are your estimates we're talking about today. So in fairness, we'll provide you with that information. There are 22 significant announcements from the Ministry of Health. Not all of those involve dollars. Some of them are policy announcements. But they're good news.

And I should remind you, we've not seen one penny of restructuring money. We've not seen one penny yet of hospital money. The \$375 million to come out of hospitals this year isn't in the bank. It won't be until later in the year. All of that money's been found by the fact that my staff's half the size of the previous ministry. We've cancelled the advertising budget.

**Mr Cooke:** I didn't really want to—

**Hon Mr Wilson:** I've squeezed every line item to find the millions of dollars that we've reinvested in priority areas.

**Mr Cooke:** I don't really want to have an argument about whether it's the appropriate thing or not. I just want to get some facts. The dialysis announcement is a—I've got a \$20-million announcement, but you say \$25 million.

**Hon Mr Wilson:** That's my recollection.

**Mr Cooke:** You've got staff with you. The deputy probably would know. How much of that \$20 million or \$25 million is being spent in the current fiscal year? Then it builds to an annual expenditure, I take it, of \$20 million or \$25 million. So how much is 1995-96? How much is going to be spent this year?

**Ms Margaret Mottershead:** I don't have that information right here, but we can get it for you, Mr Cooke.

**Mr Cooke:** Will you be up to the full annual expenditure of the—is it \$20 million or \$25 million?

**Ms Mottershead:** It's \$25 million.

**Mr Cooke:** And will you be up to the full annual expenditure in fiscal 1996-97?

**Ms Mottershead:** In 1997-98. What this involves, as you're aware, is establishment of the clinics themselves, having regard for the equipment, recruitment of staff. As you're aware, in setting up programs there is a lag, usually over a period of about two fiscal years, so the investment will definitely grow to around \$20 million in 1996-97 and \$25 million in the subsequent year.

**Mr Cooke:** The OHIP out-of-country expenditures: That was another \$25 million?

**Ms Mottershead:** That's \$30 million.

**Mr Cooke:** Oh, \$30 million. All the ones that I've got written down here are short by \$5 million.

**Hon Mr Wilson:** You're being conservative.

**Mr Cooke:** That's my reputation within my party.

**Hon Mr Wilson:** You're also known for your sense of humour, so I appreciate that.

**Mr Cooke:** Of course, you're not going to spend up to the \$30 million in 1995-96, but that would be full expenditure in 1996-97.

**Hon Mr Wilson:** That's the best guesstimate. It would depend on how many people use out-of-country services, I suppose.

**Mr Cooke:** Emergency services: There was \$15.5 million?

**Hon Mr Wilson:** It's \$15.5 million for the pre-hospital advance life support program. Most of that's training for paramedics. In addition to that, symptom relief medications was \$4.4 million annualized. Again, good news, and in fact you save money very often with that one, because in the pilot project that your government undertook in Ottawa, some people, after receiving their bee sting medication or asthma medication, didn't actually want to get in the ambulance and then go to the hospital so they signed a waiver and went home.

There's a \$45-million reinvestment in expanding the Trillium drug program from the \$500 deductible level to the \$350 deductible level. The partial implementation of the Scott report with respect to the \$70 emergency on-call sessional fee for physicians in small rural and northern hospitals—67 communities, I believe, have taken us up on that offer out of a total eligible number of about 71 or 72 communities—was another \$13 million investment that's in effect now and those dollars are flowing.

We'd be pleased to provide you with a list. There's another \$12 million that we've announced to repatriate and beef up acquired brain injury services in this province.

**Mr Cooke:** Just on the emergency services, on training, are those repeated annual expenditures or are those one-time expenditures?

**Hon Mr Wilson:** Most of it is training, so it's upfront expenditures. I don't know if there's a recognition of merit in pay for the new services.

**Ms Mottershead:** It's a continuous cycle. The big investment is to train everybody at the same time, but they are required to have continuous upgrading and training as part of the working conditions in the collective agreement with ambulance workers.

**Mr Cooke:** But a sizeable chunk of the \$15.5 million is training, so all I'm asking is, is that going to be repeated dollars expended in each year or is that a one-time expenditure?



**Ms Mottershead:** It's repeated dollars in each year.

**Mr Cooke:** Okay.

**Hon Mr Wilson:** Could I remind you too that the major reinvestments, this money again is money we found internally within the sealed envelope.

**Mr Cooke:** I understand that.

**Hon Mr Wilson:** The major reinvestments are like your community coming up in terms of kickstarting the hospital restructurings.

**Mr Cooke:** Well, I eventually do want to talk about my community—

**Hon Mr Wilson:** I thought you might.

**Mr Cooke:** —but I don't want to be parochial off the top.

Cardiac surgery: Was that also coupled with the announcement on acquired brain injury?

**Hon Mr Wilson:** No, they were separate announcements.

**Mr Cooke:** Could you just maybe run through that for me, but could you also comment on the press reports of a week or two ago about some procedures, and in particular I'm thinking of the angioplasty that has been altered from the older approach—

**Hon Mr Wilson:** Stents.

**Mr Cooke:** Yes, and that doctors are predicting, or saying, that service is no longer accessible because of dollars. Could you maybe touch on both the reinvestment and the status of that procedure?

**Hon Mr Wilson:** The reinvestment in cardiac surgeries, as you know, came from a recommendation from the Provincial Adult Cardiac Care Network. They had recommended a reinvestment over three years. We felt, as a government, that we could do better than that and were able to find administrative savings in the ministry to apply about \$16 million over two years, which is added to the base and expands cardiac surgeries by 19% or almost 20% or about 1,435 new cases over the next two years, which should significantly—

**Mr Cooke:** Those are repeated—

**Hon Mr Wilson:** Yes. That's added to the base and almost 20% more surgeries will be done year over year then or over the next two years and added to the base.

0940

The stents question I had an opportunity to discuss in fair detail recently. We opened a new catheterization lab at Sunnybrook hospital just two weeks ago. They are performing stents there. I think they were one of the hospitals mentioned in the media articles that we all read.

It is a significant new pressure. Up until recently the efficacy of stents was somewhat controversial in the medical community. The ministry's not received any formal proposals for new program funding and I certainly made it clear during the cath lab announcement that if we find the dollars and the medical community believes that significant lives can be saved or prolonged, the quality of life improved and the efficacy of stents is agreed upon in the community, then we will try and find dollars to make a reinvestment there. No promises at this time and, as I said, the medical community itself is still getting its act together as to how and when it'll approach the ministry, but hospitals are doing it in-house right now.

**Mr Cooke:** At this point, the concerns that were expressed in the press are legitimate concerns. That procedure is not funded and my understanding, and correct me if I'm wrong, is that it's used extensively in other jurisdictions like the States where the value of it has been demonstrated and that there's actually costs that are avoided rather than repeating angioplasty or moving on to more intrusive intervention like bypass surgery.

**Hon Mr Wilson:** To be perfectly frank with you, we've asked the Provincial Adult Cardiac Care Network, PACCN, to come up with a comprehensive plan. When we made the announcement on the expansion of cardiac surgeries, we knew we were just playing catch-up or patch-up with respect to them. We want, from the onset and detection of cardiac disease through to the rehabilitation of the patient, a complete program presented. I think we're expecting that soon, aren't we?

**Ms Mottershead:** In the next couple of months.

**Hon Mr Wilson:** In the next couple of months, which is the first time they've tried to put together a comprehensive program, and stents may or may not be part of their recommendations. They are very expensive. It's a wonder to me why they're so expensive. It's the R&D I guess involved because they're a very short piece of a wire mesh and it's \$1,700 and hospitals are funding that in their global budgets right now. You're right; we haven't set up a separate program for it. If PACCN comes forward with this as a high priority for reinvestment, we certainly will look at it, and we'll know that this year.

We're doing the best we can, but it is a new technology and every day, as you know, in the health care business new technologies emerge and the governments of the day try and do their best to catch up and pay for what might be effective.

As you mentioned, quality of patient lives is what we'd want to look at and the cost-benefit analysis of that, which is unfortunate in health care but you have to do cost-benefit analysis.

**Mr Cooke:** I have a little bit of an interest in this since both my parents have had substantial intervention and heart surgery and it's been a major issue in my home community for a number of years, but my understanding is that this type of intervention can also be used with people who may not even medically qualify for intervention like bypass surgery, that there's a broader range of people that this can be used with.

**Hon Mr Wilson:** I'm not a medical expert, but I'll tell you just briefly my understanding of it. Angioplasty simply is the balloon. What they do is they put the wire mesh on the end of the balloon and when they expand the balloon, the wire mesh will stay to keep the arteries open and the plaque against the walls on a more permanent basis. The debate was with angioplasty continuing to be used extensively around the province and around North America and the world, they're only now, I think, or relatively recently discovering that the arteries have been filling in and perching—

**Mr Cooke:** I guess the only concern I ever have when I read about this stuff—

**Hon Mr Wilson:** But we'll take the lead from the medical community on that.

**Mr Cooke:** —is that we've got to be able to have a health care system—and I'm not advocating that we should use intervention unless it's been proven to be effective—and I would never want to go the route of the States where we have single bypass surgeries being done down there or intervention that's very costly and not medically helpful.

On the other hand, I don't think we can have such an unresponsive health care system that when new technology becomes available we lag way behind, because then people do lose confidence in our system and see it as being overly bureaucratic and underfunded.

**Hon Mr Wilson:** I agree and it's one of the reasons that we're continuing what your government began, which is the reinvestment of dollars into an expansion of MRI services because it's unfortunate, for example, that Ontario only has 12 units right now. We're going to continue with what was planned, to expand to some 23 units in the province, to simply bring us up to world standards. That'll bring us in line with European countries, which recommendation is about one MRI for every 350,000 population. So I agree with you. Where we can, we're trying to come up to standards.

But let's not be too hard on ourselves. We're world leaders in many, many other areas including cancer care. In certainly the history, which I know well because my uncle Dr J.K. Wilson was one of the great cardiac specialists in the province, we were world leaders with respect to transplant and with respect to angioplasty and all of this, and we may, in future, be world leaders with respect to the availability of stents. That would be nice, if that's what the committee recommends.

**Mr Cooke:** What are the dollar amounts that we're investing on acquired brain injury services? That's basically reallocation of money that we will ultimately save by avoiding use of American facilities, correct?

**Hon Mr Wilson:** We're spending \$21 million in the States now and we're repatriating that money. In fact, by doing that we'll save some dollars. The estimate is we may save upwards to \$9 million so there'll be a net saving. But I just participated in the expansion of ABI services which the government made—outside of the repatriation goings-on—at Queensway just last week, an expansion of ABI services there. I guess if we added up all of that, special programs and expansions, the list would be far greater than anything we put on press releases. As you know, things happen in hospitals regularly—

**Mr Cooke:** That's what I wouldn't mind then getting from you, if it could be tabled with the committee or sent to critics.

**Hon Mr Wilson:** Certainly.

**Mr Cooke:** A list of all of the reinvestments: how much is spent in the current fiscal year, how much is spent in the next fiscal year, and what the outyears are going to be. Because there are a number of them that are one-time expenditures, and I think it's important that people understand that reinvestment is important but we want to see, over time, what the net impact is of your cuts versus your reinvestment. And at this point, we've got a long ways to go to see that all of the dollars that are saved are reinvested.

While I agree with some of the comments that Mrs Caplan has made, I think where you're going to be judged—sure, on your job creation in other ministries, that's part of it—but I think the one that people are watching more closely than any other is this one right here. They believed you, and they actually voted for you—I would argue, aside from all the politics, that your party got elected instead of the Liberal Party because of your promise on health care. People actually believed that you were telling the truth.

**Hon Mr Wilson:** Well, we are. We've lived up to our commitment.

**Mr Cooke:** You know I don't agree with that and there's no use having the argument out here because not everybody reads Hansard.

**Mrs Caplan:** —nobody believes that.

**Hon Mr Wilson:** The consensus is to move dollars—

**Mr Cooke:** Does this come out of Liberal time, Mr Chair?

**Hon Mr Wilson:** —and live up to the speeches we've all been making for 10 years, and to reinvest the dollars out of administration in institutions into community based services: You gave a bunch of speeches like that yourself 10 years ago. We're actually acting.

**Mrs Caplan:** Look, I was on platforms with you and you never said, on those platforms, what you're doing now.

**The Chair (Mr Alvin Curling):** Is that okay with you, Mr Cooke?

**Mr Cooke:** No, it's not.

**The Chair:** Mrs Caplan.

**Mr Cooke:** We'll get it back around later.

**Mrs Caplan:** Nobody who listened to you make those speeches before the election or during the election would have ever believed that this would be your policy.

**Hon Mr Wilson:** We committed to stable and predictable funding and we're giving them a three-year time frame.

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**Mrs Caplan:** Come on, I was there, Jim.

**The Chair:** Order.

**Mrs Caplan:** Sorry about that.

**The Chair:** Mr Cooke, you've still got a couple of more minutes.

**Mr Cooke:** How much time do I have left?

**The Chair:** I'll give you three minutes more.

**Mr Cooke:** That's very generous.

I was looking through and I want to come back to—well, maybe I'll leave that and I'll just get one thing on the record from back home at this point. Can you tell me two things dealing with my home-town health care situation. The dollars that had been reinvested or announced by our government on the regional cancer centre, are those dollars still committed? I haven't heard anything contrary to that so I'm assuming that those are still—and that's outside of the restructuring announcements.

Then I would like to ask the minister: He knows right now there is huge concern in Windsor that you rejected the capital approvals that we had made on the hospital reconfiguration. While I disagree with you, that's your choice, and that's certainly within your powers to do that. But we've now been operating for several months not



knowing what we're going to get from the government, and therefore all of the restructuring has been held up in Windsor. I'm getting calls daily from the health council, from hospitals, saying: "What the heck is going on? When are we going to know?" And the whole thing is going to fall apart.

I first of all want to know some time lines and I've been getting mixed messages from your political staff versus the ministry about what the role of the restructuring commission is going to be. My belief is that we don't need the commission's intervention in Windsor. We've had the studies done. The implementation is well on the way. During the Bill 26 hearings your PA said that the purpose of the commission was for implementation. We've got an implementation plan. The hospitals and health council have been doing all of that work. You said you need this commission in order to speed up restructuring. We're in the strange position in Windsor that you're holding up restructuring. You're slowing down the entire process. It's critical right now and the whole thing is at risk of falling apart if you don't act quickly.

I'd like to get some understanding of where you stand on the cancer reinvestment and the restructuring in my home town.

**Hon Mr Wilson:** With respect to the proposed cancer centre, we will be proceeding with the cancer centre. I've said that to the people of Windsor.

In a few more days we'll be done the capital review. I know your view is that I'm holding up hospital reconfiguration. The fact of the matter is, Mr Cooke, perhaps through no fault of the previous government, the dollars that have come back from a number of the studies in terms of the capital requirements to kickstart and get moving with the reconfigurations or restructurings weren't budgeted for, mainly because they weren't known. If you add up just what's in now with respect to Windsor, Sudbury, Hamilton and Toronto, we have capital pressures that would, in all honesty, spend the capital budget of the Ministry of Health five times or six times over.

**Mr Cooke:** I also remember—

**Hon Mr Wilson:** Having said that, I'm going to give you the good news: Windsor is a priority. We are very, very close to being in a position to make the final decision. I give you my personal word that it is a priority. I'd like to get it out the door. You've reminded me many times off the record in the House that there's tremendous pressure from the community, and we would like a win-win for everyone to show that this government is serious about restructuring, to build upon the work that you've done and your community has done, and it is ready to go, I understand that. We should have some good news very, very soon for your community.

**Mr Cooke:** "Very soon" meaning?

**Hon Mr Wilson:** Very soon. As a courtesy you will get some notice prior to the announcement.

**Mrs Lillian Ross (Hamilton West):** Good morning, Minister. I'd like to ask you a couple of questions about the hospital funding formula. In our community there was a difference between what the hospitals got, and I'd like to try to get an understanding of where that formula came from, how it was developed.

**Hon Mr Wilson:** The formula was developed in a joint working group with the Ontario Hospital Association, headed—though I don't want to leave anyone out—by Mr Mark Rochon, who's the CEO of Humber Memorial Hospital, and staff at the Ministry of Health. The previous government had set up a joint planning and policy committee—it had been set up for a number of years, really—and it's the formal linkage with the Ontario Hospital Association and the Ministry of Health. They developed the formula.

As I said, it's the first time the reductions weren't applied across the board but tried to recognize restructuring and administrative savings that had gone on before our government coming to office to not penalize those who had done good work to date and to give a bit of a heads-up to those hospitals that may have felt they had done some restructuring in the past but didn't actually achieve any significant overhead savings.

The other thing I'd say about the formula is that it really does compare oranges to oranges or apples to apples. It's the first time—I think it's fair to say; at least I'm told by the people who developed it that it's the first time—where outcomes are actually measured. It's a weighted case formula. They looked at a variety of treatments or procedures at hospitals that were common to all hospitals, with the exception of the specialty hospitals, because they were hard to measure, and followed the cases through, a patient through, and said: "Here's the benchmark. Other hospitals should be able to achieve that benchmark because some hospitals are doing it now and patient quality is high, outcome is good."

For those hospitals that received higher than 5%, the general rule would be that there's a bit more work they could do. We are not leaving them in the dark in terms of how to get more efficient. Manuals are to be sent out soon from the JPCC giving some very good suggestions to those hospitals on how they can catch up to the efficiencies already achieved by other hospitals in the system that would have received 5% or less.

It's pretty exciting, and I must admit that the feedback for the most part—I'd say the vast majority—has been very positive from hospital administrations. They realize that dollars have to be found in that system, that a true system has to be built. Ms Ross, you have Hamilton now reported. We're in the public input stage with respect to that hospital reconfiguration or hospital restructuring—somewhat controversial, I certainly understand that, but again, a recognition from your community that savings can be achieved and reinvested in community-based services and other services.

**Mrs Ross:** Referring to the process that's going on in Hamilton right now, the health action task force has presented its report and is asking for any comments from the community. They've given them a two-week slot in which to do that, and from there it's going to go to the district health council. There's concern expressed that the time lines are too short. Is there a time line imposed on the district health council at which time it must have its report into the ministry?

**Hon Mr Wilson:** The district health council, I've been informed, will in all likelihood be receiving the final report of the restructuring study at the end of this month,

and it's the district health council's intention to send a copy of that final report to the Ministry of Health and to the Health Services Restructuring Commission.

I'll just go back to what Mr Cooke talked about, because I didn't fully answer his question. The commission need not be involved in Windsor because Windsor's ready to implement. The commission's not there to interfere if everything's moving along smoothly. Therefore, because the commission isn't quite up and running—and the public service strike has a little bit to do with that because the support staff would have come from the public service, most of them—the fact of the matter is we hope to announce the rest of the commissioners. As you know, it's already been announced that Dr Duncan Sinclair will be the chair, and we're very, very pleased with that. We've received wonderful comment from across the province about the calibre of that appointment, and I have to thank him publicly for taking on the job. It's not going to be easy.

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Bill 26 made it clear, though, that this government wants to get moving on restructuring. The commission will have four years to do its work, and it's really there to assist local communities. I expect Hamilton will be one of the first restructuring studies, along with Metro, which is already in, and perhaps Sudbury, that is referred to the commission. They will work with your community to try and sort through what I know, reading the local papers there in the last few days, is going to be a very challenging task: to restructure the hospital system there.

**Mrs Ross:** Further to that, when the report goes to the district health council, one of the questions we asked—they're proposing closing one of our hospitals—was, "What do you expect to happen to that facility once it's closed?" The response was, "We weren't asked to look at what happens after the restructuring." Whose responsibility is it going to be to look after that facility and determine what use that facility will be put to? For example, they said—just a suggestion—you could use it for long-term care, you could use it for kidney dialysis and that sort of thing. I just wonder, where is that going to come into this process?

**Hon Mr Wilson:** It's a good question, because we're entering new territory. I don't think any other government has had to make those types of decisions. The commission, with advice from the district health council, will advise with respect to the disposition of property, if we get to that point in Hamilton, and we will take advice from the local community, keeping in mind that the Ministry of Health doesn't own the hospitals; they are separate, independent corporations, so we would want to take the advice of the community of what they felt was best for the community. We'd entertain reinvestment ideas for that site, for example, if that was deemed to be necessary for services in the community. But it would be a little premature to say, because the district health council would take the lead, as they do on health care issues locally, to advise the ministry and to advise the restructuring commission.

**Mrs Ross:** When the district health council reviews the task force report and hears input from the community—and I believe they're going to hear quite a great deal of

input from the community—it will then be their responsibility, will it not, to alter that report to suit the needs of the community? Are they going to be able to make revisions? I guess that's my question.

**Hon Mr Wilson:** Yes, and Metro Toronto's report, which is the largest one, so I reference it often—certainly from the time the restructuring committee in Metro released its so-called final report to the time the DHC dealt with it and passed on its recommendations to the ministry, which will go to the commission, changes were made, so there's already precedent to make changes. Even throughout the time of restructuring, changes may be made to some of the reconfiguration of programs, because the data in health care move so quickly. From the time Sudbury started—and I think this is all quite public—the benchmarks with respect to our ratio of patient days per thousand population have moved over the last two years since they completed their first study on restructuring in Sudbury. Things are moving very quickly with new technologies and with the application of better methods of providing care.

With respect to Hamilton, we would hope the DHC—and certainly nothing contrary has come out from me or the ministry. The DHC's job is to be the eyes, ears and conscience of the local community, and if anything, I did express, and I believe it made it in one of the local media reports, that I felt two weeks was a bit short. I did express that to the restructuring study members. However, it's their report and they are sticking to that time frame. But the DHC does have the flexibility to and must, in my opinion, take into account the public's concerns, any new data or corrections to the data used in the original study and to give their very best advice on behalf of the people of Hamilton and district to the restructuring commission.

The whole idea is to get it right, to maintain a high level of access to services, and yes, to really downsize money that's being spent on bricks and mortar that may not be needed any more, on administration, waste and duplication, which everybody admits is in the system in varying degrees in different communities, and to really pull together a system for Hamilton-Wentworth in terms of program delivery. We don't want to see a deterioration of program delivery or access to services. That's not what restructuring's all about and that's not what three governments now have talked about when they talk about restructuring. It should be a net positive for the community in terms of the delivery of health care services.

**Mrs Ross:** One of the questions I did not ask but should have asked—perhaps you can answer it. We have six hospitals in Hamilton. One is a Catholic institution. Is there a requirement that there be a Catholic institution in some communities? The reason I'm asking is because they've recommended that the Sisters of St Joseph run a different hospital, and I'm wondering if there's a requirement for that.

**Hon Mr Wilson:** There's no requirement, but I think we have to be mindful of the fact that religious denominations were in the health care business long before government was invented in this province, long before Confederation, and the policy of this government is to respect the role of religious institutions. For many years those sisters put two thirds of their salary back into the



operation of those hospitals, for well over 100 years, and we have some very strong, not just Catholic, institutions in the province but many denominations; in fact most denominations run some sort of degree of health care. They were in it, as I said, long before government was invented or government set up health care systems. We don't want to lose that investment. We want to ensure that they're very much part of the system of the future, and we respect the role of denominations in the delivery of health care services.

Having said that, it's up to the local community in its reconfiguration or restructuring to accommodate the role of St Joe's, for example, in your community. I think the study's trying to doing that. Obviously, we're in the feedback period, and people have varying opinions on how that role will play out in the future.

**Mrs Ross:** I'd like to talk about Chedoke hospital and its program for brain injury. We've reinvested money into that area. I don't understand that either, so I need some clarification. From what I understand, people were getting treatment outside of Ontario for brain injuries. Do you have any idea what it costs for that service outside of the province?

**Hon Mr Wilson:** Currently we're spending about \$21 million a year on treatment for about 76 patients in the United States. We expect that by repatriating those patients—and we're doing it on a case-by-case basis. I want to make that clear. I thank you for bringing up the topic, because we're not holus-bolus in a cookie-cutter approach—I think a previous Health minister used to use that line all the time—repatriating the 76. We're working on a family-by-family basis and putting those dollars into Ontario-based facilities, of which Chedoke-McMaster is very much a part. There'll be a net savings, we estimate, of about \$9 million once we repatriate all 76 patients. That money becomes part of the health care envelope; it's probably already been spent in the reinvestments we've made to date, to tell you the truth.

**Mrs Ross:** When the hospitals do their restructuring and there are savings found in that sector, will those savings stay in the community? Does the money come back into a general pool and then get redistributed from there?

**Hon Mr Wilson:** It's a good question, one that I was asked quite frequently in the House in our first session of Parliament with this government. Clearly, the policy of all governments has been that where a saving is found it's reinvested for the general good of the health care system, reinvested into priority areas identified by people in that system and working with government.

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It's important to understand that we all benefit from places like the Hospital for Sick Children or the research being done at Chedoke-McMaster or the Children's Hospital of Eastern Ontario, CHEO, or for the tremendous work and very cutting-edge scientific medical work done at Sunnybrook Health Sciences. All that is paid for from the general pot of money, and all Ontarians benefit from that work.

As we achieve savings, they will go back to priority areas, including, very importantly, the priorities identified through the district health council restructuring studies.

The studies we have to date identify investment needs in community-based care in those communities. If you're going to be downsizing the hospital sector or reconfiguring it in some way, you don't want a gap in patient services, so you have to in many cases improve the community-based services, improve the nursing care available in the home and the therapy services and the providers available in the home. We want to see and we're challenging the studies to ensure that they very much include and integrate mental health services as part of that, because my personal belief is we could do a much better job of providing those services in the province. I think that pretty much answers your question.

**Mrs Ross:** I'd just like to touch on one other area in the—

**The Chair:** Please touch on it for about a minute. You have about a minute left.

**Mrs Ross:** Well, that's not enough time, so I guess I'll pass.

**Mrs Caplan:** I'd like to follow up and get some clarification on the rate-based funding formula. For the record, just as a reminder to those who may not know, the equity funding formula was initiated during my time at the ministry and for the very first time created an efficiency incentive for hospitals. I think it's fair to say that equity funding formula was cancelled by the ministry—that was under the NDP—and then reinstated because it was recognized that it was a very important incentive for the hospitals.

The reality was that the equity formula was in addition to the base budgets. Part of the concern was that there was no incentive for those who were so inefficient that they would never qualify for equity funding, and the result was—this came later in the NDP term—that there was what I called a negative equity formula developed. It was called the reallocation formula. That was never implemented by the previous government, and that, I think, was negative because it sent the wrong message out to the community. Also, over the years, the equity formula, the proposed reallocation formula, which the hospitals were getting used to, I think created an environment where you had a positive incentive for taking a look at what you did and seeing if you were doing it as cost-effectively as your neighbour.

The point you're making, Minister, is a very good one, about making sure you're comparing apples to apples and oranges to oranges and assuring communities that their hospitals are being treated fairly. I would like you to state clearly on the record, is there an appeal process for a hospital that feels it's been treated unfairly with your rate-based funding formula?—which I think is a good idea. I think that is an appropriate way to fund hospitals. I think it has to be gradual. The concern I have is that because of the size of the cut you've made, the gradual approach to rate-based funding, which is what I think the hospitals were expecting, has had a severe negative impact on the system because it's happened too quickly. No one was prepared for the kind of cuts your transfer cut brought forward.

I'm supporting in principle the rate-based funding formula. I began the idea of incentive funding, and I spoke in support of the reallocation formula. But the



principle in all of this is that it must be open and transparent, that there must be an appeal process built in, that the minister is ultimately accountable, even though the formula was done in conjunction with the Ontario Hospital Association. I felt that was a good process. The first question is, is there an appeal process in place, and is the information available to communities to assure them that you are comparing oranges to oranges, in your own words?

**Hon Mr Wilson:** I will ask the deputy to explain, because as you know she's a member of the JPPC, to elaborate on what I've said to date, that it's a weighted case formula; we're not quite at rate-based. Maybe we'll explain the difference in just a minute. But you're right, the general gist is the same in terms of where we're headed.

**Mrs Caplan:** You're getting to rate-based.

**Hon Mr Wilson:** There isn't really an appeal process, although I'm hearing very directly—as you know, as minister, the phone rings—from some hospitals that feel their transfer reduction is a little higher than they were anticipating. We're still working on the criteria for the \$25-million fund available for growth areas, and those are mainly the ones we're hearing from. In terms of a formal appeal process, we will take into account all the concerns expressed. The JPPC, I think, will try to modify the program formula for year two. So far I'm not aware of significant problems, but we may hear more. Hospitals were given notice in November, in the economic statement, that it would be around 5%, so I think they have had some time to understand it.

To be perfectly frank, I've had CEOs and hospital presidents say it should have been higher on the front end, above the 5% average—that was actually a recommendation that came forward to me at one time—to really encourage and to really send the signal, because people are sceptical that the government is not serious about restructuring. I don't know how many CEOs in Toronto have said publicly—I think some of them questioned it even during the Bill 26 hearings—"Oh, you're not really serious; we don't see any evidence." Some of those hospitals were willing to take higher transfer reductions to really force themselves to find the efficiencies we've all been talking about. I will ask the deputy to talk about the weighted case formula and to enlighten us on the contents of that and the discussion around it.

**Mrs Mottershead:** Mrs Caplan is absolutely correct in stating that the formula was developed under her leadership at the time she was Minister of Health. In fact, the formula was developed to recognize efficiency in clinical practice and clinical programs, and only clinical practice and programs; it didn't look at things like the efficiency of a records department, laundry service, linen, dietary and all of that, which is what we are attempting to do as part of the discussion on rate-based funding, which then takes the clinical component as well as the infrastructure component and attempts to assign weights to everything. That work is under way right now through the JPPC, but it has not been perfected or accepted at this point.

However, the equity formula that was used to distribute additional dollars at the time it was invented was felt to

be sufficiently sophisticated to deal with the complex things that happen in hospitals and to be used to redistribute money as well as the practice of adding money. We have, in the ministry, continued the equity formula throughout the years. It's now into its seventh year. It's not obvious, because it didn't distribute the whole budget. It's only after the additional funds were reduced in equity that it was used for certain programs like hip and knee replacements and others, high-risk cardiac programs, for example. We did use the funding formula to deal with that.

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The current round of considerations included a number of factors and factor adjustments that were necessary because hospitals told us they didn't want to be compared to peer groups, for example. They wanted that to disappear. They wanted the teaching hospitals not to be compared among themselves. The community hospitals who have teaching programs told us it was unfair in terms of the way the formula was structured, that it weighted more on teaching when they do community teaching with GPs, for example, and so on. So we took away the peers, we took away the teachingness and we introduced new adjustment factors into the formula that would recognize that level of activity going on and whether it's a community hospital of 100 beds, 400 beds or a teaching hospital with over a thousand beds. So those adjustment factors were taken into consideration.

We understand through the JPPC as well, through the funding committee, that we need to develop more sophistication around growth and what kind of weight you give to growth, because growth is not just in a population; you could have growth within a certain community as the population ages, for example, putting additional pressure on some of the hospitals. This year, the decision was made based on the most up-to-date information and methodology available.

The committee is continuing to work on three other issues that will probably have application for the next allocation in 1997-98, that is: a formula to recognize growth and whatever weight is going to be assigned to that; a refinement to the formula to recognize the unique characteristics of small hospitals and their inability to reach efficiency because of their lack of critical mass and what kind of factor you use to deal with that; also, to look at the question of what relationship does other revenue—which is a question you raised—have in the context of total cases?

I just want to reiterate, because the question was asked earlier, that this equity formula does look at total cases in a hospital regardless of where the cases come from, whether it's an American patient at Sick Kids or whether it's Quebec residents from Quebec.

**Mrs Caplan:** What about parking lot revenue?

**Mrs Mottershead:** It's being factored in as part of round two.

**Mrs Caplan:** That's not what I understood the minister to say.

**Hon Mr Wilson:** I said that right now my understanding is that it's not a significant part of the formula for year one, but it's something we want to look at in year two. It's only fair.

**Mrs Caplan:** I think there needs to be assurance, because if you're dealing with the hospitals fairly, two things have to be in place. First, you must have an appeal process for those that feel they were dealt with unfairly. That has to be addressed; they have to be able to make their case. I argued that during Bill 26. To eliminate appeal is unfair to communities who—not that they're going to argue that the formula could be better, because I agree; the formulas are ongoing and they're refined, and on that one I'm very supportive. The original equity funding formula looked very different three years down the road, from the experience gained. On that, I don't think anyone should expect anything other than the formula, if applied fairly.

But I am arguing that the formula must be applied fairly, and those hospitals that have community support and raise revenues shouldn't be penalized. If what you're saying is that the formula was applied not only to the transfer from the Ministry of Health but to total revenue within the hospital, that's unfair. I believe your approach—

**Hon Mr Wilson:** Some hospitals have the ability to raise funding outside of MOH funding because of their geographic situation, because of their corporate base in the community. There is one taxpayer whether the money comes through fund-raising or otherwise. We're not setting out to be punitive. I think we're setting out to be fair.

**Mrs Caplan:** I don't think it's fair to say, for those hospitals who go to their community and get support through fund-raising, that that means they're going to have a bigger reduction than they would have had if people didn't give. Let me tell you what the result of that is. Corporate fund-raising is going to dry up if the result of that fund-raising is that they get a bigger cut from the Ministry of Health. Get serious. That's not fair. You're going to damage the ability of those hospitals to go to their community for fund-raising support.

**Hon Mr Wilson:** Keep in mind that fund-raising—primarily—I think the corporate fund-raising you're talking about is capital fund-raising. That's not what we're talking about in the formula, which is operating dollars.

**Mrs Caplan:** So I want your assurance—

**Hon Mr Wilson:** But you asked about parking fees.

**Mrs Caplan:** —that if any hospital takes fund-raising and puts it into operating, that's not included in your funding formula.

**Hon Mr Wilson:** Correct me if I'm wrong, Mrs Caplan, but technically they're not supposed to do that with respect to their capital campaigns, and if you want to admit what all Health ministers are told, that every once in a while we have seen some dividends to capital going into operating, that is the beginning of a two-tiered system, because people might give to a hospital so they can get on a cardiac waiting list, and we don't want to see that. We're talking about operating dollars, and you mentioned parking fees. The deputy would like to make one comment.

**Mrs Caplan:** Before you stray from that, my view always was that the notion of a reserve fund was reasonable for hospitals. What I objected to when I was minister

was that there was a suggestion that in years when hospitals ran surpluses, that went into their foundation and in years when they ran deficits, they asked the ministry to bail them out.

**Hon Mr Wilson:** Right.

**Mrs Caplan:** Nobody thought that was reasonable. Certainly I did not.

**Hon Mr Wilson:** I'm glad you said that, because if I said that, somebody would be hanging from the chandelier.

**Mr Cooke:** Seems fair to me.

**Mrs Caplan:** I think it's reasonable. What I said—

**Hon Mr Wilson:** I appreciate your honesty.

**Mrs Caplan:** What I said then, and I say now, is that if you put resources in your foundation, or you raise them through parking revenues, or through donations that are not designated for capital—let me tell you I get appeals all the time from hospitals that do not say, "This is for a specific capital fund; it's strictly for care," and I can show you some of the fund-raising letters, they do not relate to capital—those funds from the foundation or from the fund-raising campaigns that go into support operations shouldn't be targeted by the ministry for a result of a greater cut in the hospital. Just as it's not fair to say, "Minister, pick up the deficit," after we ran at a surplus the year before, my view was you bank your surplus, if you have a shortfall the next year, you put it back into operating to smooth things out. That was always my view and it remains. But what you're saying to them now is if they do take some dollars to smooth things out, they're going to get a bigger cut, according to your formula. That's not fair. There should be an appeal process, and I would ask that you put that in place.

The second point that I would make—

**Hon Mr Wilson:** Elinor, could the deputy just comment on that?

**Mrs Caplan:** Sure, okay.

**Ms Mottershead:** The reason why an appeal process was not built into this time is because the formula and the methodology and its applicability have been discussed with the hospital community for months and months. Some people on the funding committee have been on the road. They've had educational sessions sponsored by the OHA, so I don't think there would be any surprises to hospitals.

The question has come up, and we're dealing with this one like we're dealing with all of the other ones that have come up in terms of the methodology, and that is its perfection has maybe a few limitations. They're recognized, they've always been recognized, and we've got a committee that will work at that to deal with this for the subsequent application, but not in this round because, quite frankly, if you deal with that question of appeal, there are other imperfections in the formula, and you'd have to open up to the whole thing. People have accepted that.

As it is, they've signed off, there's OHA board consensus on this and resolutions passed to adopt this, and as the representative of hospitals, I think they have made a decision, and their recommendation to the ministry and to the minister is to stick with the current formula and its application and look at refinements later on.



**Mrs Caplan:** I'm not suggesting that you change your formula for this year, that's not what I'm saying. And if you're right, deputy, with due respect, and everyone has signed on, then there won't be any appeals, but I think any process that does not allow for the possibility of an error in application is a flawed process and you lose respect, and it is unfair not to allow for the appeal where there is the exceptional case. Let's hope it's an exception and that you wouldn't get any appeals, so I'd ask that you reconsider that, Minister, and allow for hospitals to appeal where they feel they've been treated unfairly.

I would like also a commitment from you that the ministry didn't tinker with the formula as it was developed by the JPPC, the joint committee with the OHA, that you accepted their formula and that you didn't tinker with it, so that in fact all communities were treated fairly. I've heard some rumours that there was some tinkering and people are concerned that a formula was developed that people felt comfortable with, so I'd like your assurance that you accepted that formula and that you did not make any changes to it arbitrarily or unilaterally.

**Hon Mr Wilson:** Keep in mind that the formula was jointly developed by the ministry and the OHA. I've read those media stories, too, so—

**Mrs Caplan:** Here's your chance to say, "No, we didn't do it; we did exactly what they recommended."

**Hon Mr Wilson:** In the end, we did exactly what they recommended.

**Mrs Caplan:** So if anyone now is dissatisfied, you took the recommendation of the JPPC, you didn't tinker with it, and at the last minute you didn't change the formula and—

**Hon Mr Wilson:** It was a very cooperative approach. I will admit that I had concerns about small rural hospitals, and I expressed those concerns as part of the process, and the final formula, I think, very much recognized those. We don't want to wipe the only hospital in town off the map because of the funding formula.

**Mrs Caplan:** The concern that I have is you began at the beginning by saying: "Look, this was an arm's-length process. The ministry was at the table with the OHA and they did it, and I didn't have anything to do with this." Now I hear you say, "Well, at the end, I looked at the formula and I expressed some concerns, and they went back to the drawing board." Which is right?

**Hon Mr Wilson:** The deputy expressed concerns about small hospitals, and that was part of the discussion, but the discussions were—I wasn't in the room for the discussions if that's what you're—

**Mrs Caplan:** I think everyone, if they're going to—

**Hon Mr Wilson:** And a final formula was presented to me, and I took it to treasury and to cabinet, and they did not interfere with it.

**Mrs Caplan:** If people are going to accept equity funding formulas, rate-based funding formulas, then the one thing they want to know is that you are comparing oranges to oranges and apples to apples, and that if you set up a committee that is arm's length and they develop a formula, there has to be integrity in that process, and at the last minute when you take a look at what the impact is going to be on the Premier's riding, that the formula

isn't changed. That was the rumour that was out there, and I just want your assurance that it did not happen.

**Hon Mr Wilson:** We did not interfere in a political sense in it. The ministry, through the deputy, expressed concerns that one of the things she was taking to one of the meetings was small hospitals and was trying to encourage them to develop a final formula that recognized small rural hospitals.

**Mrs Caplan:** One of the concerns I have, and I want to put it on the record because you can think about—

**Hon Mr Wilson:** I mean Margaret can speak for herself, but there was very much an ongoing process. It took several months.

**Ms Mottershead:** Can I just assure the member and everyone else present that there was no tinkering with the formula or the methodology, none. There was consideration by the ministry once the recommendations were received from the JPPC that we should look at narrowing the band of application, because the original recommendation, Mrs Caplan, was that some hospitals would receive as much as a 10% reduction, and we didn't feel it was appropriate to have a band that wide when we have hospitals, small, in rural areas, that would have been, as the minister indicated, just devastated if we had allowed the original recommendation to stand, but there's no tinkering with the formula or the methodology.

**Mrs Caplan:** Is that what the minister referred to when he said that some were recommending 10%?

**Hon Mr Wilson:** No. Some of the larger hospitals, Toronto-based hospitals, were recommending to me that—

**Mrs Caplan:** Because I never heard anybody that was recommending 10%. In fact, I think it's—

**Hon Mr Wilson:** You can imagine some of the larger hospitals that have a greater ability to—

**Mr Cooke:** The Liberal Chair is having difficulty getting in, because the Liberal Health critic does not allow the Liberal Chair to speak.

**Mrs Caplan:** Is my time up?

**The Chair:** I have no difficulty. I just want to say to you—your time is just about up—we'll take a 10-minute break now.

**Mrs Caplan:** "Just about" is different than "up."

**The Chair:** Just about. You have another couple of seconds, you see.

*The committee recessed from 1034 to 1058.*

**The Chair:** We can resume. I believe Mr Cooke has 20 minutes.

**Mr Cooke:** I thought maybe I would try to get some understanding from the minister about the hospital restructuring process, the time lines that you're looking at for the appointment of the balance of the commission, when they're going to get up and running. I'll leave it at that for the first question.

**Hon Mr Wilson:** As you know, a couple of weeks ago we announced the chair of the commission, Duncan Sinclair, and I hope to be able to announce the remainder in the very near future. It will be a very small commission. We're looking at certainly under 10 commissioners, which I think the parliamentary assistant, Helen Johns, indicated to the Bill 26 committee, and we realize we have to get going. Bill 26 limits the time frame of the

commission to four years, and we already have a number of restructuring reports in or just about to come in that will be referred to the commission. At the time we announced the chair, we did put out the mandate of the commission, and it's consistent with what we've said, that it has the full authority of Bill 26. However, it's to work with local communities in implementing their reports, and it's my opinion, the vast majority of the time should be spent helping the local communities facilitate the implementation where there's a request from the local communities.

We've had to make it clear through our communications department recently when some hospitals have said hypothetically, "What if a hospital doesn't want to restructure and the other four or five in town do?" the commission clearly has the authority to be as persuasive as possible to try and make sure restructuring happens. That would be the worst-case scenario, I guess, but so far cooperation has been pretty good. Your area is way ahead of the government actually.

**Mr Cooke:** I'm sure this was properly explained during the Bill 26 hearings, but I'm still confused. The commission will be established. The health councils do their restructuring reports, so the restructuring report would come from a health council and would come to the minister, and at that point there would be some political decision. I'm not saying "political" in a negative way. When you say "implement the local plans," I'm always confused because I don't understand how they can implement the local plans unless somebody says that the local plan is acceptable.

**Hon Mr Wilson:** We'll be taking the advice of the commission on that, but I think Bill 26, the amended bill, makes it clear they're not to reinvent the wheel. They're to implement the consensus of the local communities. I can't say it any clearer than that, and that's what's come out in the media.

**Mr Cooke:** Yes, but there's major—

**Hon Mr Wilson:** Where disputes arise, we expect people to make their concerns known about a report to the commission. We were asked, Mr Cooke, quite seriously, by the Ontario Hospital Association to try and keep politics, whether in a good or bad connotation, out of it. The only other option that I could see, because we weren't exactly left with a blueprint on how to implement restructuring, would be to have to go periodically to cabinet to get decisions, and frankly I don't think the OHA trusted politicians to do this properly.

**Mr Cooke:** No. But you will agree that somebody at some point, if there's a report that comes forward—you can talk about the Toronto one, you can talk about any one; when the report comes forward, there's recommendations on consolidations, closures, there's recommendations on reinvestment and capital allocations. Obviously you have to make a decision, as you're making a decision for my home community, about what the capital allocation is going to be.

**Hon Mr Wilson:** I can see with respect to dollars to implement it, we'll have to signal to the commission what's doable and what isn't, over what time frame, and yes, the ministry will have opinions to express to the commission also, but at the end of the day they have the

full authority of Bill 26 to help local communities implement. Again, if I don't have all of the answers how it will play out, I'm being honest with you. No one has tried this before, and I think we're trying to do what we've been asked to do by the people whom we will very much rely upon to implement restructuring, and that's the hospitals themselves.

**Mr Cooke:** I understand that, except I think that while the concept of a restructuring commission is something we don't have a problem with, we have some concerns about the way it's being implemented. I don't know how you can expect communities to buy into it when we don't know exactly how it's going to work.

Clearly, the reports have to come from the community, and then are going to go to the ministry; in other words, the minister, because the minister is responsible. It's a neat process to try to set up a commission, and you say that it's at arm's length, and therefore all of the tough decisions can be blamed on the commission and the minister can take credit for all the good decisions. But you have to at least admit that when the reports come forward, you're going to be setting the parameters for implementation, because if you're deciding the dollars, then that's going to make a huge difference about implementation and what's going to be implemented.

You've made a decision that the capital dollars in my home community are going to be reduced from what we have announced. That has a huge impact on what the reconfiguration is going to look like, what's going to be implemented at the local level. So all I'm asking is, what are the steps? The report comes to you, you make a decision on dollars and then it goes over to the commission for implementation? Is that the process?

**Hon Mr Wilson:** Not exactly. As I see it, and as I indicated with respect to the Hamilton study, which I think will be one of the first, almost simultaneously, the report is released publicly at the same time it's released to the minister, so this isn't some big secret thing, as you know, going to the minister. The commission will also have a copy of it, and the Hamilton study already sets up a local implementation committee. If that committee needs assistance, data, whatever, it will request it through the commission.

Sometimes there will be bureaucrats in the Ministry of Health providing that data. We're planning on having about 10 people within our existing budget to be the support staff at the commission, civil servants who have been providing data to the studies to date, and I expect if I have concerns, I will relay those, probably in a very public way, to the commission, via a letter to the commission. At the end of the day, though, with respect to capital, we'll have to wait to see what the commission and local communities recommend to the government. We are asking communities, as we asked your community, to come in with the minimum required to get the job started. On the capital side, that's very difficult for us.

**Mr Cooke:** But in the end, obviously the political accountability, no matter how you set up the process, you're calling the tune; you're setting the parameters and therefore the number of hospitals that will be closed. One of the things that was provided for me, and I'm sure you have this, but I've got to read this out.



**Hon Mr Wilson:** Be fair. The fiscal realities set the parameters and I inherited those fiscal realities.

**Mrs Caplan:** The \$1.3 billion, that's what's driving this. That's the fiscal reality that's driving this, a \$1.3-billion cut.

**Hon Mr Wilson:** The \$1.3 billion is very much tied and very double if we get moving on restructuring.

**Mrs Caplan:** But that's what's driving it, Jim, and the speed of it.

**Mr Cooke:** I've got to read this into the record, because in reading some of the stuff that the researchers provided for me, I found this one to be the most interesting:

"I rise today in support of a Collingwood area petition campaign which is being driven by members of the community who are concerned about the rash of bed closures at the Collingwood General and Marine Hospital.

"I'm proud to say that I drafted this petition so that concerned citizens and labour groups could send a message to the NDP government that bed closures are killing jobs and they are threatening the provision of quality health care services in the Collingwood area.

"Earlier this month the General and Marine Hospital board announced that eight beds"—eight beds is a lot of beds, but look at what we're going to see over the next four years—"would be closed because of budget pressures and social contract obligations. As a result, 20 more hospital-based jobs could be affected and more jobs and beds could also be hacked if the government acts on its threat to rip an additional \$214 million out of the budgets of Ontario hospitals. Just a few years ago we had 133 beds at Collingwood General and Marine Hospital. Today, and after last week's announcement, we have 74 beds left.

"At the same time the government is forcing the General and Marine Hospital to cut beds at a stunning pace, the NDP refused to release the funds to redevelop the Collingwood hospital. Area residents have watched helplessly while the previous Liberal government announced this redevelopment funding twice and the NDP has followed with two reannouncements of its own. Seven years, two governments and four separate announcements later, Collingwood still has a hospital wing that was built in the 1880s.

"If the NDP still cares about health care, it must give Collingwood a green light to rebuild its hospital and it must give all hospitals in this province some breathing space so that we can accurately assess the impact on the people of this province of these bed closures."

This, of course, is a statement that you made on March 22, 1994. Not that long ago, you were expressing incredible concerns about the impact of job losses as a result of cuts that are about one seventh the level of the cuts that you've announced and that things were happening too quickly. I guess, as you said when Mrs Caplan and I did a TV show several weeks ago and you wouldn't join us so they taped you in the afternoon, you were used to saying things when you were in opposition that you really didn't mean, that that's just the nature of politics and that you weren't particularly sincere in what you said when you were in opposition, you were just saying it for political purposes.

I think this statement, whether you meant it or not, raises a number of questions that I think we're entitled to understand. I know that when the ministry is making recommendations to cabinet on transfer payment decisions there are impact statements that are prepared by the ministry on job losses, hospital closures and so forth. Of course, that would have been done much more extensively in preparation for Bill 26 and the restructuring commission. So I'd like to get an idea from you as to the number of hospitals that you expect to see taken out of the system over the next four years and the job loss that your ministry is projecting at this point and any numbers that you might have on—I know, for example, in my community there's already been considerable layoffs announced in the hospital system—the job losses to date and the projection of job losses in the hospital system over the next four years.

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**Hon Mr Wilson:** Well, Mr Cooke, I'll remind you that the bed closures you've seen to date, the 9,500, was your government and the previous Liberal government.

**Mr Cooke:** Which you totally disagreed with. Since you totally disagreed with it, I'm now saying, okay, you didn't agree with what we did. You were very critical about any bed closures, any cutbacks in transfer payments to hospitals.

**Hon Mr Wilson:** No, that's very untrue.

**Mr Cooke:** I'm just reading your statement, that parochial statement.

**Hon Mr Wilson:** Well, that was the bed closures in the Collingwood hospital, and subsequent to that—

**Mr Cooke:** And you criticized the \$214-million cut in transfer payments.

**Hon Mr Wilson:** Subsequent to that statement your minister, Ruth Grier, who uses that hospital too because she spent just about every weekend in my riding in Glen Huron—that's where her house is and I think they've pretty well moved up there now—visited the hospital. She talked to the local community. She spoke with me and I came to a better understanding of what the government's plan was. So I don't think you'll find anything on the record past that.

**Mr Cooke:** Is there nothing on the record saying that you changed your mind, that you agreed with her?

**Hon Mr Wilson:** The local community knows where I stand on these and we're working with the hospital—

**Mr Cooke:** The point was not about your hospital in your area. The point is, I want some data on the numbers of jobs that you expect to lose over the next four years in the hospital system and the number of hospitals that you expect to see closed.

**Hon Mr Wilson:** I don't have those. We've said consistently that we don't have a list of hospitals to close. The district health council process is very public—

**Mr Cooke:** You did no impact statement on what the impact of this \$1.3 billion would be?

**Hon Mr Wilson:** The local district health councils are preparing their restructuring plans and in those plans part of it is the effect and the need to develop human resource plans. We know from the closure of Shaughnessy Hospital in British Columbia that one of the first things that the communities have to do up front is develop those human

resources plans. We have no central list. It's not our job; that's district health councils' job.

**Mr Cooke:** Well, Mr Minister, you're telling me then that the ministry—and this would certainly be the first time in the last few years; I don't know what was done under the Liberal government but I assume the same thing was done, that there are always impact statements done—did nothing in terms of projecting for you and for policy and priorities board of cabinet what the layoffs would be over the four years?

**Hon Mr Wilson:** The reductions in transfers to hospitals, particularly in years two and three, are to be tied as closely as possible to the restructuring plans. You know we have a report from Metro, for example, that talks about \$1 billion over four or five years to come out of that system without affecting quality or programs or access to the system. Regardless of who was in my chair today, I would expect they would move forward with that type of restructuring when you can get that much waste and duplication out of the system.

The 9,500 beds are closed but, as you know, no hospitals closed. We're still paying on a proportional basis, quite a high proportion of costs, for redundancy in bricks and mortar. Bricks and mortar don't cure people. It would have been nice, as you closed the beds, if you had also downsized the wings of those hospitals and those institutions where the beds are vacant right now. You can literally walk through the second floor of one of my local hospitals. There's nothing there and yet we still have to heat it. We still clean it from time to time and there's still a great deal of overhead involved.

**Mr Cooke:** We know you don't agree with what we did—

**Hon Mr Wilson:** That's what restructuring is.

**Mr Cooke:**—but now we're holding you accountable for what you're doing.

**Hon Mr Wilson:** What we're doing is trying to implement studies as they come in. You've spent millions of dollar on these studies and we're doing the best we can that's humanly possible to develop a blueprint to help local communities implement the studies.

**Mr Cooke:** Let me move on to some other questions then, because obviously the minister doesn't want to talk about the numbers of jobs that are going to be eliminated. They know what the job loss is going to be. They've done projections. They have to do those projections, and I understand the political reasons why he doesn't want to talk about the actual numbers. But I find it strange that in a conversation that was held earlier today between the minister and Ms Caplan and the lectures that were given about the tax cut and the jobs that are going to be created—but just looking at it this morning, we're going to be cutting 13,000 to 27,000 out of the Ontario public service. We know that. That's been announced. We know in schools that we're talking 20,000-plus. Every day we now wake up and we're seeing school boards with 900 to 1,500 layoffs. So we're talking 20,000-plus there, and we're talking in the neighbourhood of 32,000 in the health system.

We're looking at, just in those areas—and that's not looking at all the other impacts—job losses of between 65,000 and 79,000. So you've got to be taking a look not

just at how you restructure the health care system but also the economic impact on this province. These numbers point very clearly to a huge loss in jobs that will have a huge impact on the buying power, the purchasing power of people in this province. As many have said, we're on the edge of going back into a recession in this province because of the way you are depressing the economy.

I find it amazing. When I look through some of your statements, you clearly understood, when you were in opposition, the relationship between the public health system and the economy of the province. You lectured us several times about jobs in the health care system being directly and importantly connected to the economy of this province. Now there seems to be no discussion, no talk at all about the impact that you're going to have on economies—the provincial economy as a whole, but also community economies—with your closures. You know as well as I do that we're going to see more hospitals closed in the next four years than we've ever seen in the history of this province. I hope that you're not using Frank Miller as a consultant to learn how to do it.

I think it's important that we at least get your philosophy of how this is going to be handled. I'd just like to ask a few questions and put a few of them on the record and then perhaps you can answer them. We do want to get a better understanding of how you're going to reinvest the \$1.3 billion. Is that all going into community services so that at the end of the next four years we'll see \$1.3 billion more into community services?

What exactly is the plan? What is the plan in terms of human resource policy with the thousands of people who are going to be laid off? Are you taking some of the dollars and reinvesting them into retraining of workers who are going to lose their jobs? What responsibility do you see? I'd like to get a better idea of how much of this money is going to go into capital, because you can't properly restructure the system without reinvesting substantial amounts of money and capital. I'll leave it at those three for now and then I'll come back to some more questions later.

**The Chair:** Just as you said that, your time ran out.

**Mr Cooke:** Could I get the minister to answer and you can take the time off the next 20 minutes?

**The Chair:** Yes. You're manipulating the Chair now, but I think I'll bow to that.

**Hon Mr Wilson:** Mr Cooke, in response to the \$1.3 billion, it's very much tied to the capital question. You should note that our soft estimate now of capital is about \$1.2 billion, so you could say that almost every penny going in one part of the system, if we don't get the minimum requirements down—because don't forget, your government, rightly or wrongly, and I argue wrongly, sent communities out and said, "Restructure but then reach for the stars in your capital requests," and that's what's happened. Our capital requests of what we know in restructuring now exceed what we're going to get out of the operating side, or is almost—

**Mr Cooke:** Operating or annual savings. Capital investment's a one-time cost.

**Hon Mr Wilson:** So that means without the reinvestments that your community is asking for in cancer care



and asking for in mental health and asking for in community-based services. So the money coming out of the operating side over the next three years, as we achieve the savings—because remember, past governments were very good at announcing the new spending programs but didn't do the restructuring to pay for the programs. Therefore, we borrowed more money. As that money is, we'll be putting it in priority areas, including capital, the capital requests that are piling up, including community-based care. That aside, human resource policy—HSTAP is still in place, there's money still there. We'll be expecting the commission, in my opinion, to very much take a lead with local communities in developing—

**Mr Cooke:** Will there be more money going in?

**Hon Mr Wilson:** Again, when we have the money. Nobody's arguing that we should spend more on health care; \$17.4 billion is flowed through the ministry of health for health care and another \$9 billion is spent by the private sector in this province. That is a very large amount of money on a per capita basis; in fact, I'm not sure there's another jurisdiction in the world that spends more on health care than this province. So the argument has not been, over the years, that we should spend more. I haven't heard anybody say we should spend more. It's allocating it within the envelope, and that's what we're doing.

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**Mr Toby Barrett (Norfolk):** Mr Minister, I wish to discuss again the issue of hospital funding and its impact on health care in rural areas of Ontario, areas represented by my riding, for example. I've been meeting with local health care providers and there is no shortage of ideas on how to meet some of the health care needs and to find efficiencies. People recognize that savings must be made; for example, you mentioned earlier that your ministry has reduced staff to a level of one half of the previous Ministry of Health.

I also appreciate your comments earlier about your concerns for small rural hospitals. On February 23 of this year you announced a new funding approach for hospitals. Adjacent to my riding, West Haldimand General Hospital, which services many residents of my riding, has had its 1996-97 funding allocation reduced by 2.5%. The allocation of Tillsonburg District Memorial Hospital, at the other end of my riding, will be 4% lower. But what is disconcerting for me and many people in the area is a situation with Norfolk General Hospital in the town of Simcoe, which will be faced with a 6.66% reduction in its 1996-97 funding allocation.

Notwithstanding the high quality of work and dedication to serving people from the other two area hospitals, West Haldimand and Tillsonburg hospitals, Norfolk General's reduction has me very concerned. In a letter to hospital executives, assistant deputy minister Andrew Szende stated that under the new funding criteria "small rural acute hospitals will receive a reduction of between 2.5% and 4%." Again, both West Haldimand and Tillsonburg hospitals fall into both ends of that spectrum, respectively. However, for residents who rely on Norfolk General a 6.66% reduction seems onerous. Indeed, cuts of that magnitude to any what I consider rural small-town hospitals to my mind have a much more significant im-

pact than cuts to hospitals in multihospital communities or perhaps what may be considered overbedded communities.

I've had an opportunity to look into the funding reductions to hospitals as they affect my riding and your office staff have been very helpful in this regard. I'll continue to seek concrete answers to why what I consider a rural small-town hospital is being hit so heavily. In fact, with funding reductions that are approaching that 7% level for many hospitals, I've learned that Norfolk General Hospital in Simcoe is one of the hardest hit in the province. Only five of the 20 acute care hospitals in Metro Toronto have percentage reductions that are higher than Norfolk General in the town of Simcoe. As my first question, I'm still not clear, Minister, on how this is justified. Secondly, I'm not clear on how Norfolk General Hospital—it's about a 100-bed hospital—fell over the line to be classified with, as I say, many of the other hospitals in the Toronto area rather than being classified as a small rural acute hospital.

**Hon Mr Wilson:** The Chair was just informing me that the toughest questions do come from my colleagues. This would be true. But, Mr Barrett, to reiterate the formula, I guess your comments are exactly what we didn't want to happen: people running out and comparing building to building and the transfer reductions that those hospital corporations receive. Again, the formula targets what's going on inside the buildings and it compares services that patients get, the treatments they get, with other hospitals. No one wants to be told that they're inefficient, but the fact of the matter is, including hospitals in my own area of the province, they can do better. What we will be doing is not simply leaving them in the lurch to try to figure out how to do better and become more efficient.

It's the hospitals themselves leading the efficiency benchmarks. The hospital association and the joint planning and policy committee, the JPPC, don't simply pull these benchmarks or efficiency measurements out of the air. The formula recognizes that certain hospitals seem to be able to get their patients through various services for X number of dollars and we're simply saying that we'll be giving the information to your hospital; Norfolk General, for example. In the next days and weeks they'll be receiving a manual indicating how they can become as efficient in certain service areas as other hospitals already operating in the province.

It's an exciting thing and I'm sure you've received feedback too. People aren't complaining. They're accepting the challenge. Again, if the government had simply pulled a benchmark out of the air and said, "Everybody go for it, this is where we want you," then I could understand. The fact of the matter is that these are, for the lack of a better term, benchmarks or measurements that are already existing in hospitals. I think people need the information provided to the administration, to the medical staff, to the nursing staff on how to be more effective.

With respect to the nursing staff, I should say we've just launched a province-wide nursing project and put some money into that, where a manual will be prepared and distributed around the province, hopefully by this

time next year—oh, I'm sorry, that's a three-year program, so in about three years—one of the first times nurses are getting together on how they can improve their techniques. One of the examples used is how dressings are applied now. The frequency and the type of dressing that's applied for various ailments have changed over the years and we want to make sure all the nurses are up to that efficiency measurement; not only that, but the quality of care.

It's a tough one, I agree, but the fact of the matter is that it's good news in the sense that this government, unlike any other government, didn't cut across the board. We're recognizing efficiency and we're challenging others to become more efficient, and in the name of the taxpayers. That's what they elected us on. I heard nothing else in the campaign. They want our own government to do it and we've taken the hits first. We're reducing government operations by a third and we've asked no other transfer partners, including education, to do what we are doing as a government.

**Mr Barrett:** I understand that the administration at Norfolk General is actively pursuing options to make the savings and has done over the years. We know across Ontario, under the previous government, something in the order of close to 7,000 hospital beds were closed. At Norfolk General during that time 42 acute care beds were closed. The hospital currently is operating 94 acute care beds and 54 chronic beds.

Another issue around expenditures relates to, for example, under the previous government and the social contract, which wraps up March 31 of this year. The hospital will be returning to the bargaining table with its unions and there's concern around the Hospital Labour Disputes Arbitration Act, whether the hospital will be armed with the tools that it needs. There's concern that the ability to pay on behalf of the hospital, that this criterion is not strong enough for them to discuss wage issues.

This particular hospital was hit fairly hard under the Pay Equity Act. In fact the biggest single increase in cost at Norfolk General Hospital over the last few years has been a direct result of the pay equity program where nurses' salaries were adjusted, as I recall, to be in line with police officers' salaries in the Haldimand-Norfolk region. It cost the hospital a fair bit of money, and at the time only about one third of the actual cost of this program was funded by the government of the day.

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I wonder if these are perhaps some unique situations that the hospital has had to deal with. Over the last few years this hospital has been successful in reducing hospital patient days by 30% and, again, hence this reduction of acute care beds from 136 down to a level of 94. I know that 6.66% reduction is not only based on the fact that it is not classified as a small rural hospital, but this decision is also based on a track record of finding savings. Again, I'm just wondering what advice I could give this particular hospital in the coming time to deal with what is a bit of a crisis situation.

**Hon Mr Wilson:** You raise some very good concerns, which have been raised by the hospital association with me and the ministry and also raised by individual hospi-

tals with respect to bargaining in 1996. I think we all understand that most of the broader public sector collective agreements are to be bargained during this year. So it's going to be a very interesting year across the province and the entire broader public sector including hospitals, and I think we're seeing some evidence of that out front today and the last couple of weeks with the OPS.

But Bill 26 did for the first time—we lived up to our commitment of the campaign and the Common Sense Revolution to put a clause in there that arbitrators, for the first time, have to take into consideration the employer's ability to pay. That in itself was controversial. The hospital sector did ask us to go further than what was contained in Bill 26. However, it's the opinion of the government that we should monitor collective bargaining this year.

If the sectors are able to reach agreements that are in the interests of both parties, there'll be no need whatsoever for the government to step in. Certainly it would've been premature to put anything, I think, stronger in Bill 26 than the employer's ability to pay, given that that's all we talked about during the campaign. We never talked about anything else, and the Common Sense Revolution does commit us, after the expiry of the social contract, to restore full collective bargaining, which is what we're doing.

However, my ministry and I will be monitoring how those discussions are proceeding throughout the year in the hospital sector. We will take advice from the hospital administrators and from both sides to help facilitate as smooth a year as possible and to try and get new collective agreements in place.

Pay equity is a constant pressure. As you know, this government put more money into pay equity than the previous government, but we capped it. So we gave some new upfront dollars, but then we capped it. Pay equity was about a 99-year process under the NDP, and in the health sector there are many parts of that sector that didn't actually get into the first few rounds of pay equity. So we've added more money to it, and the NDP were planning on spending this year and next on an ongoing basis, because they said they had a very open-ended program.

We've invited all the different players that weren't part of pay equity to come into that pool. Of course, the more that come in over the next few months, the smaller the amount of money there'll be for everybody in it, but we're trying to get ourselves out of an open-ended mess, and really an immoral mess, in my opinion, that the previous government put us in. There's no rhyme or reason to the pay equity rules, as you know, that this government inherited, so we, in the interests of the taxpayers, tried to cap it. We don't believe in open-ended programs. Those days are long gone, and we'll have to see how it goes divvying up the pool that has been provided. I remind people, at the end of the day, it's more money than the NDP were going to spend, at least that they had put on the books they were going to spend this year and next in terms of adding it to the bases.

As I said, I hope that you will continue to let me know, let the ministry know, how the bargaining's going



in your area with your hospital. Keep in mind there are two sides at each table and we want to hear what both sides are saying. That's the approach we want to take, being reasonable and living up to our commitments we made during the campaign.

**Mr Barrett:** Again, it has been discussed in this committee, the money saved from budgets would be reinvested in other places within the health care budget. Many of these reinvestments have already been announced. Locally, in speaking with people connected with these hospitals, they're concerned that the savings they are being asked to make may not be reinvested locally, again concerned that reinvestments would be perhaps used to contribute to major restructuring of hospitals in Windsor or Toronto or Brantford or other areas.

Next week I'm meeting again with administration and hospital board members, both Norfolk General and West Haldimand, and I expect some very pointed questions on this issue, and I know it has been discussed in this committee. There's an expectation that the money would be reinvested locally in Oxford county and in the Haldimand-Norfolk region, again to enhance other aspects of patient care, home care, kind of post-hospital care. Again, I would ask specifically, how are savings found in rural hospitals to be reinvested? Are they targeted specifically or does it go into the general tax pool?

**Hon Mr Wilson:** The answer is consistent across the board in Ontario, and that is, money that is found through savings in hospitals will be reinvested in health care across the province. What I would suggest you do, as a community leader, is if we were to seal every little geographical area of the province and say, "There's your dollars; you provide the full continuum of services for patients," they couldn't do it. So simply ask them, on the basis of logic that every dollar saved should be reinvested directly back into that community, dollar for dollar, then ask them how we pay for the air ambulance for your constituents to go to Sick Children's or how we pay for the heart operations for your constituents that are done at Toronto Hospital and that money comes out of the general fund.

I think if you're that stark with them and say, "Okay, on that logic, I guess I have to ask the minister to cancel the air ambulance that goes all over the province and our centralized services," like our specialty hospitals, like Children's Hospital, our research that's done down in southwestern Ontario, for example, in London with the five major research centres we have down there.

Much of that money, at least the ministry funding, comes out of general health revenue, so it's a non-starter argument, and don't let them go down that road. Please, as I know you will Mr Barrett, show leadership in that area, because it's simply a non-starter with any government, and don't let anyone tell you otherwise.

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**Mrs Caplan:** I'm going to start talking about services to people, but since Mr Barrett raised it, if I could just make a statement, I think the one thing that people are shocked about, frankly, is the determination of the Harris government to centralize control.

In your document, which I have a copy of here, you were very clear in sending a message that communities had every right to interpret that they would be able to share in the savings that they found locally and that there would be local control and opportunity to reinvest, is your word. That was in your health backgrounder dated May 3, 1995. It says: "Local health care communities will share in any savings identified locally for reinvestment in community priority." The position you have taken—

**Hon Mr Wilson:** Is exactly that.

**Mrs Caplan:** —in not telling them what the percentage is going to be, how you're going to allocate it to allow them to do that, you just said, "It all comes back centrally and we will allocate it and there may or may not be a process," but there's no incentive for the community to know or to understand that if they identify savings that they're going to have an opportunity to share—and I think "share" means 50-50. I don't think anybody suggested 100% is a reasonable number. But to not let them know in advance what they're going to be able to identify for community priority breaks the commitment that you made.

That's not the point I want to spend a lot of time on. I want a commitment from you. You've talked about 9,000 beds closing, and that's true, and during that period of time services increased to people. I was the first Minister of Health who made the point repeatedly that beds are not the benchmark of services delivered and that we have seen a dramatic shift in this province from services being provided on an inpatient basis to a short-stay and outpatient service delivery. As beds were closed in fact services were improved and there were more services provided.

You're cutting Sick Children's Hospital by I think it's 5%, you're cutting cancer services, the hospitals that provide cancer services, particularly the Princess Margaret Hospital. Those are two hospitals that are brand-new. The needs were identified when those budgets were set, and I want a commitment from you that there will be no service cuts as a result of your reductions in the hospital budgets.

When I closed beds, I was able to say there are no service cuts. I want you to tell people that programs and services will not be cut as a result of your \$1.3-billion reduction in transfers, and that when you close hospitals—even though Harris said very clearly, "I have no plan to close hospitals," we know that you now intend to allow hospitals across this province to close their doors. The transfer payments that you've given to them are going to result in service cuts.

Tell us today, are the waiting lists at Princess Margaret Hospital for cancer patients going to grow longer, notwithstanding the fact that you have said, for many who need care, your plan would mean an end to rationing and waiting lists? The fact that cancer patients can be trapped on a waiting list for a month is a crime. Is a 5% cut to Princess Margaret Hospital going to eliminate their waiting list? Are people no longer going to be trapped on a waiting list for cancer care because you've cut the budget by 5%? Are paediatric services in Metropolitan Toronto in a process hospital going to be protected?

I've heard there's going to be a tremendous shortage of paediatric services because there's no comprehensive plan as people implement your transfer payment cut to ensure that those services are protected. Hospitals are capping service in the area of labour and delivery. I'm being told that very shortly you may see women having difficulty finding a hospital in their community that will be able to guarantee them access to their labour and delivery suites.

I think it's reasonable, as Minister of Health, that you give your assurance during these estimates that services will be maintained for the people in this province and that services will not be cut, and when I do a survey of the hospitals across this province, that they will assure me they have not cut services as they lay off staff, that it's all administration, that it's all duplication and waste and that you're not cutting services for people who need care in this province. Just give us that assurance. Tell us right now, "We will not be cutting services."

**Hon Mr Wilson:** Ms Caplan, you know that you're wrong on a number of fronts. The first comprehensive plan, the largest of it's kind in North America, is in place, by the district health council, to restructure. Restructuring is not meant in any way to cut services; it's meant to improve access, to get rid of administrative inefficiencies. There are food services in every one of our 44 hospitals in Metro, there are laundries in most of those, and only in recent years have they decided to get together and share services.

You mentioned Princess Margaret, the oncology agreement, unprecedented in terms of cooperation—now they're having a little dispute over governance, which I'm staying out of and I think you're staying out of—but the fact of the matter is that the idea is that there will be one administrator for the oncology program between Toronto and Princess Margaret and Mount Sinai. Hopefully, if it all works out, the idea is to save that salary that would have otherwise been there and to drive those dollars down to front-line services. In a sealed envelope, the health care system, the money's not going to leak out, it's going to stay in, but we have to see the savings first before we make the priority reinvestment. So to scare people otherwise, I think is not a good idea—

**Mrs Caplan:** No, I want you to give them assurance that you're not going to cut service.

**Hon Mr Wilson:** The ministry will continue—

**Mrs Caplan:** Put that on the record today.

**Hon Mr Wilson:**—we give that assurance and nobody is under the impression that otherwise will happen except when you go out and tell people that otherwise is going to happen, they get all worried.

**Mrs Caplan:** I'm hearing from hospitals that are cutting programs and services.

**Hon Mr Wilson:** I get letters every day, people saying, "Stop cutting health care," and I say: "I've not cut one penny from health care. Where did you get this idea?" "Well, the Liberal party told me you've cut health care."

When I did the Toronto Star editorial board recently I basically said to them: "If Elinor Caplan told you pink elephants could fly, you'd probably print that but you

never bother asking me whether we've cut health care or not."

**Mr Joseph Cordiano (Lawrence):** If we had so much power why didn't we win the last election campaign? Give me a break.

**Hon Mr Wilson:** Well, the fact of the matter is there are facts that exceed your opinion or my opinion on this. The facts are the facts.

**Mrs Caplan:** All I want is an assurance that services will not be cut as a result of the \$1.3-billion transfer cut. They have all had notice from you—

**Hon Mr Wilson:** Certainly we are doing everything possible to ensure that services are not cut, that access is actually improved, that duplication is taken out of the system. That is the thrust of this government and it was the thrust, I hope, of previous governments as you made tough decisions. As I said, we have comprehensive plans developing in the local communities, unlike we've had before, and I think we're going to see an improvement. At the end of the day, the Ministry of Health will continue to review operating budgets.

As you know, the NDP, I think it was last year, had to send some operating budgets back because hospitals wanted to cut psychiatric beds and, quite correctly, the previous government said, that's not on. The deputy minister, Margaret Mottershead, sent a letter out on January 23 to hospitals, saying there are protected areas. Mental health beds are protected areas and we are doing, as these things come to our attention, everything we can to make sure that services are maintained and enhanced. Otherwise, politically or otherwise, we would not be going through this exercise. The exercise is to improve services, to improve access. That is our motive, and our only motive, for continuing with the restructuring that was started under the previous governments.

**Mr Cordiano:** Let me ask you perhaps a very basic question. How will you reassure us that that will be the case? How will you know that that will be the case? What mechanisms have you put forward to reassure, not only us in the opposition and the Legislature, but the public, that these services will be maintained?

**Hon Mr Wilson:** Well, one of the mechanisms, and it's a pretty powerful tool, is the review of the operating plans of the hospitals, which is a yearly review now and we intend to continue that. We might streamline the process a little bit because it's pretty cumbersome for hospitals. That's one measurement.

Our new hospital funding formula with respect to the reductions is another way of measuring things that haven't been measured before and we're moving the whole system towards outcomes. As Ms Caplan correctly said, we don't count beds any more, and that's taken a long time. She did a lot of work to change the mentality of the people of Ontario.

**Mr Cordiano:** You're cutting service providers.

**Hon Mr Wilson:** We don't count beds, I should say, but we've not moved significantly towards outcome measurements, and that's the challenge of restructuring, is to put the benchmarks in place. We're starting with our formula and reductions, the transfer reductions—

**Mr Cordiano:** What about—



**Hon Mr Wilson:** —and people like Dr David Naylor and others are trying to do it on the medical side and the service side to ensure that we can actually measure because it's often anecdotal that services are cut and that—

**Mr Cordiano:** But services to people are being cut—

**Hon Mr Wilson:** We're moving towards trying to measure each and every treatment that patients get.

**Mr Cordiano:** You are cutting service providers. You're cutting staff. You're cutting nurses that provide those services—

**Hon Mr Wilson:** You can do better with less. We're running a ministry with less. There will be less public servants and we expect to deliver better services—

**Mr Cordiano:** We want to make sure that you're going to do this—

**Hon Mr Wilson:** Sure. So do we.

**Mr Cordiano:** —and to date, I have not heard that you will be doing things like value-for-money audits to follow up on these things. Bring forward a model that would indicate an accountability framework which would indicate very clearly what those value-for-money audits will reveal. If you're not going to do that, then I don't think you can come back to this committee in a year's time or go through public accounts committee, which I think we should have the opportunity to do, and then for you to very clearly state to us how you're providing those services in a value-for-money way and still maintaining the integrity of those services.

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**Hon Mr Wilson:** Well, I tell you, Mr Cordiano, we are working with our partners there to develop exactly those models. That's exactly the way we want to go. Ontario's very much a leader in some areas with respect to—

**Mr Cordiano:** Would you be prepared to share those things with us? Those models and—

**Hon Mr Wilson:** They're all public. They're not internal ministry things. Most of this stuff is developed outside of the ministry, and as my ministry downsizes, I can assure you almost all of it will be developed outside of the ministry.

**Mr Cordiano:** So will you allow the auditor to have access to those value-for-money audits?

**Hon Mr Wilson:** Sure. The auditor has access to everything we do in the Ministry of Health.

**Mr Cordiano:** Well, not in the ministry, in each of the hospitals.

**Hon Mr Wilson:** They're all public institutions.

**Mr Cordiano:** He does not have access now. You know that. The Audit Act does not permit him to do that sort of auditing.

**Hon Mr Wilson:** The deputy informs me, I didn't know, but apparently another committee is debating that very point.

**Mr Cordiano:** Okay, but I want your reassurance that you're not opposed to that type of value-for-money audit.

**Hon Mr Wilson:** Well, I'll see what the recommendation is from public accounts. We don't own hospitals, Mr Cordiano. They are private institutions incorporated—

**Mr Cordiano:** We could bring in legislation to change that act and—

**Hon Mr Wilson:** They're private public institutions like a university is.

**Mr Cordiano:** —make it possible for the auditor to then do the value-for-money audits that I am referring to.

**Hon Mr Wilson:** Well, we'll see what public accounts recommends.

**Mr Cordiano:** So you're not opposed to that.

**Hon Mr Wilson:** I don't know the intricacies of the argument. I suspect there's more to it than the debate we're having right now, because I recall having this debate last time and I recall the Liberals having this debate 10 years ago.

**Mrs Caplan:** I think that what people and communities need is assurance that when they need health services they're going to be able to get them. You referred to the fact of Ontario's leadership and I'll tell you something: I am not suggesting that pink elephants can fly but the reality is that Ontario is a laughingstock compared to every other province. The centralization and the centralization of control within the ministry is totally contrary to what every other province in this country is doing when they are looking at methods to get communities involved in dealing with health issues on a local basis.

Everyone else is moving to regional or local involvement and Ontario is moving to centralization of control and all power to the minister. That runs totally contrary to what's happening across the country. So your suggestion that Ontario is taking a leadership role—the only thing that you're doing in the area which is different than the other provinces, frankly, is cutting \$1.3 billion out of your hospitals, doing it within three years and the impact of that, if you take an average of \$40,000 a job, the impact of that potentially is 32,500 jobs across this province and those people, Minister, deliver services to sick people who are in the hospital.

I want some assurance from you that when hospitals have to deal with the budget cuts—these are real and significant budget cuts—recognizing that the hospitals in this province over the last five years have dealt with restraint, severe restraint, and many of them are efficient and many of them are lean and when you impose a cut it is going to be a service cut. Nothing you have said today tells me that those communities can have any assurance that people in the communities are going to have any assurance that when they need care, they're going to get it. As Minister of Health, you will be held accountable.

While everyone recognizes there may be a better way of doing things and you might be able to do better for less, what I'm hearing is service cuts, program cuts and people being told that the service is not available for them. You will be responsible for that because you promised that you would not cut one penny from health care. People thought that meant that you would protect services. Just as beds are not a benchmark, and I agree they're not, services are. Service levels have become the benchmark and unless you can make the commitment, you are going to be held accountable, whether it's the Provincial Auditor or the community who identifies service loss. You'd better be prepared to respond quickly because I'll tell you something: I agree with you that there's enough money in the system. I have not been an advocate for more money but I'll tell you, I am very

concerned that you are dismantling medicare and threatening it if you cut services and allow them to be cut, because what will happen is that people will say there's not enough money.

So that's the message and I'd ask you to give us an assurance that you will not allow services to be cut.

**Hon Mr Wilson:** I've given you the direction the district health councils are taking and the ministry is taking and that is to maintain and improve services in this province. That is what re-engineering and restructuring is about. I will be interested to know, Ms Caplan, where you want to move the money out of when we go through the votes of the estimates. What pocket do you want me to take money out of to stave off the \$1.3 billion in transfer cuts to the hospitals? That will be an interesting debate, and I'd be happy to have that on a line-by-line vote.

The second thing, though, is you started by saying we're centralizing. District health councils are being relied upon more so now and, I would argue, probably more than any other jurisdiction in Canada, because nobody in North America is doing the massive restructuring that we're undertaking. We are relying on the local communities and district health councils. We are decentralizing that decision-making as much as humanly possible, given that the funding still comes from the taxpayers through the Ministry of Health.

Regional structures: The debate will be ongoing, whether we should be adding more layers of bureaucracy. You remember the Orser report, which would add another super-DHC on top of the district health councils that are already there.

I would argue that the Health Services Restructuring Commission is a tangible sign like no other jurisdiction, that the government is handing over massive powers to restructure our hospital system, to assist in that restructuring, decentralizing that authority like no other. So I guess we would agree to disagree that we are relying on our local partners and relying on people outside of government to help with the re-engineering and restructuring.

Finally, I would say: Let's say you achieve the restructuring over the next four or five years of Metropolitan Toronto, where its report indicates there's upwards of \$1 billion or a little over \$1 billion in savings, without affecting patient care or quality or access or services, but that that money is to come out through restructuring, getting rid of duplication, waste and administrative overlap.

Would you just leave the \$1 billion to sit in limbo or would you take that money, as you achieve it, and reinvest it, as is the plan of this government? I dare to say you would want to move on that report, I would think, and you would want to achieve as much savings as possible, keeping an eye on the quality and access to services, which is the whole idea, and I agree with you. All of us will be held accountable on how this works out; that's what we do when we go into election campaigns—you've been in more of them than I have and probably knocked on a lot more doors than I ever have—that's what we do. We stand on people's doorstep and we're directly held accountable. We're accountable for things we've no control over. As I said, we have to use funding levers to get hospital corporations to try and restructure

and get rid of administration and drive dollars down to front-line services.

Moral suasion is used in many other parts of the sector and when you have a ministry where over 95% of the dollars simply are dealt out to transfer partners, we're doing everything we can to put faith in our partners and to assist them where we can and encourage them where we can to restructure and drive dollars down to front-line services. So I think we have decentralized like no one else has, and I think that we're making the commitment to do everything humanly possible to keep on an eye on the service levels and to make sure that at the end of the day we have a better health care system.

**The Chair:** Thank you, Mr Minister. Let's just take a break until 1:30.

*The committee recessed from 1159 to 1344.*

**The Chair:** Can we get Mr Bisson? It's a 20-minute rotation, Mr Bisson.

**Mr Gilles Bisson (Cochrane South):** My apologies to the committee and to the minister. As the minister well remembers from being the third party, sometimes a lack of members means you have to stretch your resources and it's little bit of havoc on your schedule.

I had a series of questions I'd like to ask you, partly tied to yesterday's budget in regard to Mr Martin's announcement in regard to the block funding arrangement they're putting in place that was announced in the last budget and how it relates to Ontario. The government federally, as you know, announced a couple of years ago that it was going to move to block funding to the provinces when it comes to paying for health care, social services and education, and would put that in one block so that the provinces then supposedly would have more flexibility in being able to decide what their priorities are.

My fear is that by doing that the government is really removing any ability it has to police the Canada Health Act because the biggest deterrent for getting a province to stay in line with making changes to the health care system that are contrary to the Canada Health Act is by withholding transfer payments, and by moving to block funding there would be some dangers.

The first question I have is that by moving to block funding, and with that envelope getting smaller and smaller, do you see it as a problem in regard to the federal government not having the ability to be able to keep some of the provinces in line when it comes to the Canada Health Act?

**The Chair:** Mr Bisson, before the minister answers, he has to leave here by 2 o'clock for a very short time.

**Hon Mr Wilson:** Thank you, Mr Chairman. Yes, they called a policy and priorities meeting for 2. I don't think it will be very long, though.

It's a very good question. As I watched the budget last night, I noted that Mr Martin's going to keep a floor or a minimum of about \$11 billion.

**Mr Bisson:** I think it was \$11.2 billion.

**Hon Mr Wilson:** An \$11.2-billion floor. We don't have the details of that yet. Our hit, though, over the next couple of years is about \$2.2 billion in the Canada health transfer, in the block. But I've only been to two federal-provincial meetings, and for the most part I'd say the provinces, even without having a hammer over their



heads, even with the dispute in Alberta, want to see portability, want to see comprehensiveness, want to see a health care system and services across Canada. Without even the federal minister—I think sometimes the provinces get along better without the federal minister in the room—there is pretty good cooperation. In fact, I'd say the provinces lead in keeping this country together on health care services rather than the federal government.

I was not impressed with the previous Health minister, Ms Marleau, and her understanding of the health care system. I'm a former assistant to a federal Health minister, and the federal government doesn't deliver any services, except on native reserves and to the armed forces, and much of that's contracted out. I don't think they understand at all what it's like to have to actually deliver the services and live within the budgets. So I think even without the tremendous hammer, because it's not going to be much of a hammer, even at \$11 billion—I don't know how much of that is cash and tax points—

**Mr Bisson:** It's a mixture.

**Hon Mr Wilson:** That's the cash. What would be left as Ontario's share? Do we know that, John? Because right now we get about \$9 billion something total. I think that's Ontario's share.

**Mr Bisson:** The \$9 billion, that's with the reduction that you've already got.

**Hon Mr Wilson:** Anyway, it's a worry, but I'll say that Ontario moved to restore the out-of-country payments as the primary insurance people of Ontario, without being prodded by the federal government. So we're trying to live within the Canada Health Act, and I think the other provinces are too.

**Mr Bisson:** I don't want to put words in your mouth, but I take it what you're saying is that to a certain extent you share my concerns. First of all, I agree with you, I think the provinces have led in the sector of health care for years. It was a provincial initiative that was eventually put across all of Ontario, but it first of all came from a province, Saskatchewan, went on from there. We all know the history of the health care system, so I think evidence and history show that the provinces are the leaders when it comes to this issue.

What I really want to get to here is this whole notion that you as the Minister of Health or myself as the Minister of Health, let's say, if we were to win the next government, may have the best of intentions. We may believe that health care is something that is sacrosanct and something that we need to make sure stays in the public sector and publicly funded. We may have all the best intentions, but in the event that a government decides not to, decides to move away from some of the principles of the Canada Health Act, do you think it'll become more difficult for the federal government to enforce adherence to the Canada Health Act by going to this system of block transfer funding?

1350

**Hon Mr Wilson:** It could. I think common sense dictates that it could, depending on the pressures. Ontario's a little different, I think, than some of the other provinces that might be a little leaner in their spending on health care. My personal view is that we have our hands full in the next four years, the term of this government, to

simply find the efficiencies and prioritize the money within the \$17.4-billion budget. That's going to keep us busy enough.

That's what I say to physicians, and I think you'd agree and I think all parties would agree, because when presented by some of the resolutions that have come out of the Ontario Medical Association in the last few months, a lot of it is to ask for two-tier medicine or more fees and that sort of thing. I've said to them, as I said earlier today, when you're spending \$17.4 billion through the Ministry of Health and another \$9 billion through private insurance and other private dollars into the health care system now, that's a lot of money on a per capita basis, so how do we go back to the taxpayers and say, "By the way, every time you receive a service, you should also pay another few dollars," when it's hard to justify the huge amounts of money we're spending on health care expenditures in this province right now?

The first challenge I always put to physicians at every physician meeting I'm at and all through Bill 26 and in the last nine months was, "You want more money in the system, you say that's the cure, but I challenge you to explain to the people of Ontario why we need more money when we already spend so much on a per capita basis." You'd probably agree with that.

**Mr Bisson:** I'll come back to that because I think that's another issue. But I just want to get—

**Hon Mr Wilson:** It's not another issue because that's the major debate. About the only thing the federal government seems to ever clamp down on from time to time, with the exception of a couple of provinces that it turns the other cheek to, is extra fees or extra-billing. It doesn't seem to clamp down on a lot of other things that perhaps are in violation of the act.

**Mr Bisson:** One of the basic tenets of the health care system, as you well know, is that it's a universally accessible program that is not paid through user fees or direct fees; it's paid through our tax. For a province to do otherwise obviously is going in the opposite direction of the intent of the Canada Health Act. That's why I'm asking you, if I can get you just specifically on that, will the block transfer funding, in your view, severely limit the ability of the federal government to keep provincial governments in line with the Canada Health Act?

**Hon Mr Wilson:** No, I don't see it. If they hadn't put the floor in, I would say it would be very difficult. But I'm not going to criticize Mr Martin at this point. At least we've seen a number for the floor; we heard about it. Ms Marleau was telling us at meetings for the last nine months that there was going to be some cash held back. We'll have to see. Ontario's not planning on violating the Canada Health Act in any way.

**Mr Bisson:** I don't say that you are. That's not the point.

**Hon Mr Wilson:** We have our work cut out for us in finding efficiencies within the system and the dollars we spend now. I don't want to go on the record as saying one way or the other. Just speaking for Ontario is all I can speak for. We've moved the opposite. We, without prodding, are in full compliance with the Canada Health Act, and that is the policy of this government. It doesn't

mean we won't try and participate in federal-provincial discussions on the future of health care in Canada.

**Mr Bisson:** In regard to your comments that it's hard to justify the amount of money that we presently spend on health care, I don't think at all that that is a realistic argument. I think that we spend a fair amount of money in the health care system, there's no question about that, \$19 billion of provincial expenditures, but they're going to something that I think 99.9% of Ontarians support, which is a publicly funded, universally accessible health care system that is responding to the needs of individuals. If the price tag is \$19 billion or the price tag is \$20 billion, people are prepared to pay those taxes in order to support that system, provided they know there's accountability. That's really the issue.

Let me get to the second question because I know you have to leave. You made an announcement two or three weeks ago with regard to hospital funding across the province of Ontario. I understand, being in government before, as all members in opposition have been there before, there are realities when it comes to containing a budget. It is difficult to do any kind of expenditure control without looking at health care, because there are always better ways of being able to run the system.

But in your announcement you're saying basically that you're cutting hospital budgets back differently in the north than you are in different parts of Ontario. I think the number you used was about 4% as what you would be doing in the north, on average, compared to a higher percentage in Metro and the rest of southern Ontario.

You would well know the discussion I had with you in the House with regard to the Porcupine Continuing Care Centre and the Timmins and District Hospital. I just have to advocate on behalf of my community in regard to the recent announcements that you made in regard to hospital budget cuts for the TDH. Timmins and District Hospital—and Eleanor Caplan, the member for Oriole, would well understand the history of this issue—has not had a budget increase in at least six to seven years. That's about right; I think it's about six to seven years. I take it you're getting some information here.

They haven't had an increase in six to seven years. They've had to move into a new hospital. They've had to deal with a whole bunch of issues that arise out of moving into that new hospital. They've undergone a severe amount of restructuring—I wouldn't say "severe," but a lot of restructuring within that hospital, not without difficulty. They did that through our time in government; they did that through the time of the Liberal administration; they're now doing it again under your particular government.

We're at the point now where we've closed down the continuing care centre. It's shortly going to be closed down. All of the patients there will be moved into the Timmins and District Hospital. Efficiencies at that hospital—if you were to look at any hospital of comparable size, I think you'd have a hard time trying to prove there's any hospital that is doing it better than the Timmins and District Hospital is doing.

My fear is, though, that the announcement you've just made in regard to the 4% cut realizes to Timmins and District a reduction of \$1.4 million to that hospital bud-

get. I guess the question I have to ask you is, as minister, do you believe that the Timmins and District Hospital can sustain a \$1.4-million cut and not adversely affect or not affect in any way the services that the Timmins and District Hospital provides?

**Hon Mr Wilson:** I was just at the Timmins hospital, as you know.

**Mr Bisson:** I'll come to that later.

**Hon Mr Wilson:** We announced some very good news there in terms of a new psychiatric program, a joint program with Queen's—that was dollars to that program, new dollars to that program—an MRI, Timmins and Cochrane. It's only the second MRI—it's amazing. All my announcements so far as minister have been, it seems, the significant ones, in NDP ridings.

**Mr Bisson:** You know why? We work very hard in our communities to make sure those particular projects go ahead.

**Hon Mr Wilson:** No, it's because I prioritized. You didn't fund these things. You had a lot of things in the pot, and—

**Mr Bisson:** Minister, you well know—we'll come to the MRI later. My question right now is—

**Hon Mr Wilson:** I'm saying, I think your hospital was—was it 2.5%? It was the 4%, which is also a recognition of this government, and the JPPC, more importantly, of the importance of the northern and smaller rural hospitals. We went through this this morning.

**Mr Bisson:** But my question to you is, with the reduction of the \$1.4 million, do you believe that they can achieve reductions without affecting services? Because they've done a whole bunch up to now, my friend.

**Hon Mr Wilson:** They told me they could. They told me they had the first meeting of all the hospitals in Cochrane just a little while ago.

**Mr Bisson:** Oh, that's been going on for a while. I was part of those meetings.

**Hon Mr Wilson:** No, I sat in the board room in a private meeting—

**Mr Bisson:** I've been part of those meetings as much as a year ago.

**Hon Mr Wilson:** —with the chief executive officer, and he told me, "We're just finally getting together," and that they truly do want to make a hospital system. I asked him if they had a study, and they've been working on that.

**Mr Bisson:** Yes, the district health council's been—

**Hon Mr Wilson:** They were confident, I felt, anyway, that they could achieve the savings and develop an integrated system for Cochrane district.

**Mr Bisson:** The problem I have is that Timmins and District and the Cochrane District Health Council have been working I think quite hard and quite effectively with other hospitals in the region and internally within the Timmins and District Hospital to take up their responsibilities as an organization.

I was part of a lot of what happened in the Timmins and District Hospital, you know as well as I do, in regard to where we are at right now with hospital restructuring, where we are at with regard to the district-wide review in regard to hospital funding, where we are at with regard to the MRI. The one thing they've told me from the



beginning when we started this process is that the Ministry of Health has to recognize that if they're going to do all of this stuff voluntarily—because they did this voluntarily; it wasn't the government that pushed them into it at the very beginning, we're the ones that encouraged them—you have to recognize in their funding that they are different.

My fear is that by taking away the \$1.4 million that you're doing now—I'm talking to hospital people at the hospital on administration and on the board and they're saying, "Gilles, this means to say we've got to start cutting services." That's what they're telling me.

**Hon Mr Wilson:** In fairness to both of us, Mr Bisson, I heard that same message from Timmins hospital, but I also heard they actually asked that the ministry get tougher and order all the hospitals to do true restructuring in that area and I said: "No, that's contrary to government policy. We expect you to do it, as every other area."

**Mr Bisson:** That's including the hospital budget—

**Hon Mr Wilson:** —"and I'm not going to strong-arm this. It's not my role. I'm not the local MPP."

**Mr Bisson:** I don't work that way.

**Hon Mr Wilson:** "If you want to do that—I know you don't, because you're looking for consensus too."

Certainly, with the expenditure reductions, those hospitals—and let's not be specific to your areas, but across the province—that may not have achieved restructuring certainly have the impetus now, I think, to get together with the other hospitals in the district and find savings.

Timmins hospital very clearly told me a list of things that could be combined that were being duplicated. In fact, I think their preference was that I strong-arm it and do it and I said, "No, you've got to do it from the grass roots up." I left there with a very good feeling that they were going to continue to work together.

**Mr Bisson:** Listen, they're very accomplished, very responsible—

**Hon Mr Wilson:** But we're not seeing true restructuring up there. You've got a nice new hospital, lots of capacity. I congratulate you; it's a beautiful hospital.

**Mr Bisson:** There has been major restructuring at Timmins and District, let me tell you, big time.

**Hon Mr Wilson:** There's been some, but they told me they could do more.

**Mr Bisson:** One of the things as well is that in the Cochrane district, Anson General, Bingham Memorial and other hospitals in the area have been working together to share a whole bunch of administrative services and different services throughout. That stuff that we started way back when we were in government is stuff that's carrying on. But what I'm trying to tell you is that that particular district, I think, has been in the vanguard of trying to follow through and making some of that stuff happen.

There has to be a carrot and stick approach is what I'm saying. If these people are doing it on their own and they're taking their responsibilities locally, such as the government wants them to do, I don't think you can go to them and just say, "Here's a \$1.4-million cut." That's my argument, and I'm saying—

**Hon Mr Wilson:** But the problem we inherited was these reach-for-the-stars carrots that nobody budgeted for. It wasn't right to tell Windsor, for example: "Reach for the stars. Do your restructuring. Go from four hospitals to two."

**Mr Bisson:** There's no reach for the stars in Timmins and District Hospital, Jim.

**Hon Mr Wilson:** No, but I'm a little more realistic with respect to the carrots. We're trying to do what we can in terms of the MRI in your area—I congratulate you for that—and secondly, bring psychiatrists into the area. The joint program with Queen's is an absolutely innovative program.

**Mr Bisson:** Yes, we working on that.

**Hon Mr Wilson:** I gave my Ontario pin to—

**Mr Bisson:** Jean-Paul.

**Hon Mr Wilson:** Yes, to the psychiatrist up there, who deserves an absolute medal at Timmins for carrying the load on his shoulders for the whole area.

**Mr Bisson:** Yes, he has been on his own—

**The Chair:** That's positive news.

**Hon Mr Wilson:** By the way, they were very, very nice to me. I enjoyed my tour.

**Mr Bisson:** Oh, yes, they're good people. We'll come back to this later, because I—

**Hon Mr Wilson:** Sure. I'm just going to pop out, Mr Chair, for a minute.

**The Chair:** Thank you, Mr Minister. What I'm going to do is I'm going to ask for an adjournment. It's my understanding that the Tories were going to give up their time, and we'll take a 20-minute break, but it will be counted, as the clock would roll anyhow continuously. In other words, they will give up their 20 minutes while he takes—

**Mrs Caplan:** Can I assume the minister can be back in 20 minutes?

**The Chair:** Yes.

**Hon Mr Wilson:** No, I don't know.

**The Chair:** If not, we'll just direct more questions to the deputy. So shall we take a 20-minute break?

**Mr Bisson:** I think we take a break.

*The committee recessed from 1402 to 1426.*

**Mrs Caplan:** The minister is not back yet. If it would be all right, I'd like to ask the deputy a couple of questions. Recently, we've seen a resurgence of tuberculosis in the province, and I'm wondering what, if anything, the ministry is doing to combat this outbreak. If the minister were here, I would express my concerns that the policies of the government, which have, I think, created a crisis in homelessness and certainly exacerbated poverty, are not doing anything to help. I hope he'll hear that message, because I think it's more than just the issue of tuberculosis, it's the climate in which tuberculosis thrives, I think is the word I would use.

What I want to know is, are these reports accurate? Are we seeing the numbers of cases that have been proposed here in this newspaper article when it says conditions are ripe for an epidemic? I'd like to know the response from the Ministry of Health.

**Ms Mottershead:** I would like to first of all assure everyone that we don't have an epidemic per se, as you've indicated, but there has been a gradual increase in

reported cases of tuberculosis, particularly in urban centres. We are working with the public health departments. We're redeploying a lot more nurses to deal with the issue directly, because one of the important features of trying to deal with the therapies and treatment is to make sure that people are taking their medication, which is really important that they do, and that they don't break the cycle, which has a minimum of three months to it.

What we're also doing is developing some guidelines that are being issued to the public health departments which attempt to highlight the latest modalities. We have provided additional funding, for example, to West Park Hospital in Toronto, which is the only hospital that has got the isolation unit for tuberculosis, so that if we come across cases that require isolation and intravenous therapy, that funding is available.

We're also working with the federal immigration department and making sure that they, as much as possible, do screening and testing. You are aware that the immigrant population is one of the populations that is highly affected by this increase. Currently, there are physicians in Ontario who have been assigned to deal with the refugee claimants in particular, and they're being directly reimbursed by the federal government. So we are working in concert with them, and hopefully it'll decline, rather than continue to increase.

**Mrs Caplan:** I read this article, which was in the *Globe and Mail*, and I would like to put excerpts on the record. I'm not going to read the whole article. I don't believe everything I read, but I would like to know if this is accurate.

The first one is that the conditions are ripe for an epidemic. That doesn't mean we have an epidemic, but it means if you don't do something, it could get out of hand. It says here, "Some"—of those who would be at high risk for tuberculosis—"are very threatened about coming into a hospital," and "Many don't have health cards." I was wondering whether or not you were dealing with that issue because that is a real and serious issue. Many homeless people do not have health cards, and if they are at risk I want to know what you're doing to be able to respond to that. They don't have phones. You can't find them. That's also in the article. I'll give you the copy of the article after I've made the excerpts, if that helps you.

Dr Edelson, who is expert in this field, is quoted as attributing the high rate of infection to the overcrowding in shelters and the depressed immune system of people who use those shelters. He says: "They are living in very close, crowded conditions. It only takes one in close quarters to infect a lot of people." The weakened immune systems are due to pneumonia, exposure, sleeplessness, hunger, alcohol abuse, or all of these.... "It's expected that TB will be higher in people who are malnourished and living in overcrowded conditions."

You go to the bottom line, and this says: "The pilot project's recommendations are still being finalized, but there will be three pages of them, sources say. They will call for the hiring of several public health nurses to conduct regular TB testing among homeless and poor communities; the reversal of social assistance cuts that are pushing more and more people out of stable housing;

and improved access to health care for people with no fixed address or personal documentation."

I suspect those are exactly the recommendations that are going to come forward, and this is to the Toronto board of health, I realize that. However, I know that the Ministry of Health certainly would have an interest in this from a province-wide perspective. You mentioned that you are working with the Toronto board, but the reality is that the government's policies are creating these conditions, and while, Deputy, you're not accountable for the political decisions, you are accountable for cleaning up the mess that results from the policy decisions of the government.

I'm interested to know rather than working with, whether or not there are considerations, particularly within the responsibility of the Ministry of Health, dealing with the issue of improving access to health care for people with no fixed address or people who would be high risk who may not have a health card. While there are those who might say it's fraudulent for someone without a health card to receive care and treatment from the ministry, I would argue that we will be at a health risk unless we look after those people who may be carriers and infected with tuberculosis. If we do not reach out to them, then we place our society and population at risk because they will be carriers of a disease that can be treated. It's not like the old days of tuberculosis where you couldn't treat it.

With that in mind—and I'm the first one who says fraud is bad and we don't want people using our health services that are not entitled to them—this is one of those situations where you want to make sure that if someone has tuberculosis, could be a carrier of tuberculosis and could infect the population at large with TB, they are being encouraged to come in even if they don't have a health card. I'm wondering if the ministry is doing anything.

**Ms Mottershead:** Let me say that you're right, I'm not here to defend the government's policies, but I just make an observation that tuberculosis does take many years to actually mature and be fully blown, so I don't think it's an overnight phenomenon that we're seeing. It's something that has been building up gradually over a period of time.

Having said that, what our people are doing right now in our public health branch and with our chief medical officer of health, is encouraging and asking, quite frankly, all of the public health units in urban centres to work directly with the patients, with the people in shelters, with the homeless, to do a one on one nursing review to make sure that they are taking their medication. They're actually redeploying nursing staff that would normally be engaged in prenatal care, for example, or postnatal care, and redirecting them to deal with this issue where it is an issue in the urban centres. The guidelines that will be coming out will, I'm sure, incorporate some of the recommendations that are contained in the report. I haven't seen the report myself directly.

**Mrs Caplan:** I appreciate—

**Ms Mottershead:** Just in addition to that in terms of the cards, the health cards themselves are not an issue with the redeployment strategy that we're working on



right now and also the fact that we have community health centres up and ready.

**Mrs Caplan:** What do you mean, it's not an issue?

**Ms Mottershead:** We have the public health nurses doing, hopefully, as much as possible one-on-one, going out to see people so they don't have to show the health card to receive, to be seen, to be counselled about their medication, to determine whether they do have their three antibiotics that they need to be taking all at the same time. It's that kind of thing. We're also paying for the drugs directly ourselves and distributing them to the public health units.

**Mrs Caplan:** That was the follow-up question because the people who are infected are homeless—

**Ms Mottershead:** Homeless, without money.

**Mrs Caplan:**—and without money. If they don't have a health card they would be classified, I think, as the most vulnerable you would find in our society.

What I would like to ask is, in the annual report of the ministry, if you could give us a history of tuberculosis and the trend for Ontario. I think you're right that these things evolve and develop over time. The concern that I have is that the conditions—and I'm just going to repeat again—the point in the article is that the conditions are ripe for an epidemic. And if we have a situation which we're having difficulty controlling or addressing now, I think we have the conditions where it could get out of hand and perhaps having the accountability or commitment—I hope the minister will agree—to report in the annual report the trend lines and how well you're doing to eradicate a disease that we were rid of in the 1940s and we do not want to see a resurgence of in the 1990s.

Given the policies of reduction in social safety net support for the most vulnerable, the increase in the numbers of homeless and the issues around crowding, hunger and poverty, I think that if we could see that as just one indicator it would be helpful to us—and perhaps it's also a way of keeping the ministry on its toes and taking a look at that as an indicator to make sure that it doesn't get out of hand. So I'd make that request. I'm going to give you the article—

**Ms Mottershead:** Can I respond, Mrs Caplan, by saying that I will make the recommendation to the minister in terms of the next annual report. The 1994-95, I believe, has been written and printed already. But I also will convey a serious request to the chief medical officer of health who also produces an annual report that perhaps that be considered as well.

**Mrs Caplan:** That would be a very appropriate place. I'd forgotten that they do that. I think it's a public health issue.

**Ms Mottershead:** Yes.

**Mrs Caplan:** I think it's one that we should be concerned about and stories like this give us an opportunity to take a second look at what we're doing and make sure that we are taking appropriate action. So I'll give you the article—

**Ms Mottershead:** Thank you.

**Mrs Caplan:**—and just ask that you convey that concern to the medical officer of health.

The next question I have for you is in a new area. I had a call from the chairman of one of the psychiatric

hospitals and I'd like you to confirm what I've been told, that psychogeriatric patients in the psych hospitals, as a result of withdrawal of service, are having to stay in their beds, not being taken out of bed. Are you aware of that?

**Ms Mottershead:** I am aware that as a result of our essential services agreement with our union, in terms of patients being allowed up and about with the same frequency as they had before the strike, it's not the same. Yes, there are more patients being kept in bed longer and that's consistent with the essential services agreements that we have. That's what it means when you're providing essential services, you're limiting the kind of work and care that is being provided as a result of the situation that we find ourselves in.

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**Mrs Caplan:** I guess the concern I have is that the patients here, if they were in the general hospital, where there is not the ability of the hospital to strike, would never be in this situation.

I'm wondering if you've considered transferring those patients into general hospitals for some period. I happen to be very sympathetic to the concerns that OPSEU has and to the strikers. I believe an essential service agreement that was negotiated may not have been adequate to address these needs, but here you have helpless psychogeriatric patients who, if they were in a psych unit in a general hospital, wouldn't be subject to the conditions that they are, and these people are suffering.

I'm just wondering whether the ministry has a contingency plan or has considered—not all the patients. I'm not talking about all of the patients, I'm talking about those that are being kept in bed because they require assistance to be able to get out of bed, and that assistance isn't available to them and isn't being provided under the essential service agreement. I think there was another option, and the transfer to a general hospital, I think, is reasonable in some of those cases, and I suspect that it's not a huge number.

**Ms Mottershead:** We are monitoring the issue on a daily basis, and if I wasn't here today, I would be monitoring that situation very, very closely. In considering a transfer to a hospital somewhere else, what in effect would happen is that you would be removing work that is determined to be the work of the union, and you would be violating the collective agreement, and the essential services agreement. Given that we do have those issues to address, we are working very hard to see what other options might be available and, like I say, we're monitoring on a daily basis, but no decisions have been made to violate the agreement at this point in time.

**Mrs Caplan:** I understand. I'm concerned about those elderly psychogeriatric patients that are suffering and I fear at risk. I certainly wouldn't want to see an agreement that had been reached in any way breached. I think it might be amended to respond to that. However, the concern I have is I understand that none of the chairs of the psych hospitals were at the table when the essential services agreement was developed, that only management was there. I'm wondering if that's true—

**Ms Mottershead:** That would be true.

**Mrs Caplan:**—and if so, why were the chairs not—

**Ms Mottershead:** The chairs of hospitals or the chairs of community organizations are usually not the ones that negotiate agreements, it's usually the direct employer and the employee representatives that bargain an agreement. That's a protocol that's quite normal and regular throughout industry as well as government.

**Mrs Caplan:** However, in a general hospital, the boards would have to ratify that, so they're more than consulted if it was a general hospital. You have a psych hospital, where the provincial psych hospitals have advisory boards and they have chairs who represent the community and the community interest, and it just seems to me that it is a special case, and that they should have at least had an opportunity, before the agreement was ratified, to have their say about whether they thought it was adequate or not.

What I've heard is that they immediately said, when they saw the agreement after it had been agreed to, that it was not adequate, and I'm concerned that the ministry, as the employer, wouldn't have respected the role of the boards, particularly the board chairmen, to involve them in something as important as patient care during a strike situation.

**The Chair:** Maybe Mr Bisson could continue that line of questioning, if you so wish.

**Mr Bisson:** I'd like to hear the answer, actually. If she can respond on my time, I'd be delighted.

**Ms Mottershead:** The government is really the board of management for psychiatric hospitals. The community boards that you're referring to are advisory boards to government. They don't have the obligations that accrue to a board of governance that has certain obligations, and they were not brought into the process because the negotiations were handled centrally by the employer and that's the way it went. They actually have been, over the last several days in particular, very vocal and concerned about some of the things that could be happening as a result of perhaps not having the level of services in the agreements that they feel should have been there, and we'll certainly be following up their concerns at some tables that have been organized already.

**Mrs Caplan:** If I can just make one comment before I hand it to my colleague, and I promise to be brief, you did acknowledge that they are advisory boards, that they are advisory to the minister. I may say it again when he's here, but please bring it to his attention: What the hell good is it to have an advisory board if you don't consult them and get their advice when you do something as important, and particularly given the fact that it was negotiated centrally? I'm very critical of the fact that they were excluded and I think some of the problems that have resulted could have been avoided if they had been brought into the process. My frustration is not directed towards you, Deputy. I wish the minister were here, but given the fact that he's not here, I believe that it was a gross error in judgement on his part not to bring his advisors into the process.

**Ms Mottershead:** Can I just confirm—

**Mr Bisson:** Now we're on my time.

**The Chair:** Your time—

**Mr Bisson:** That's fine. Respond. The minister's not here anyway.

**Ms Mottershead:** Essential services agreements were negotiated in 1994.

**Mr Bisson:** That's right, it was under us.

**Ms Mottershead:** That's correct. I just wanted to state that for the record.

**Mr Bisson:** I was going to clarify that. I take a bit of a different view. I understand what the member from the Liberal Party is saying but I guess the problem I have is that if we, as the employer, being the province of Ontario, were to take the views of the chairs of the board, that's fine, but I think we'd have to give the union the same opportunity and go back to the local unions and say to the president or the chairperson of that particular unit, "What do you think about this?" It gets to be a very large, cumbersome process.

I think you well know, through negotiations, that there is a move on the part of the government to central bargaining when it comes to teachers. I don't want to get into that whole issue, but it's a much easier process to negotiate when you've got it done the way that it is. I would just want to put on the record that if the minister was to take her advice and go back to the chairs of the boards, I would just ask that the unit people, whoever the heads of the different units are, also be consulted. I think they have a say in this as well as the chairs do.

I have a bit of difficulty because the minister isn't here. I understand you have a job to do but I don't want to get into any kind of questioning that would put you in a difficult spot, because a lot of these questions are political in nature, quite frankly. But I do have a couple of questions in regard to information that you may or may not have, and if you don't, if you can supply the committee with the answers, that would be appreciated.

One of them is the whole question of the agreement—I shouldn't say "agreement"—the announcement on the part of the government in regard to emergency services, the program that was put in place in order to pay doctors a remuneration for covering off emergencies. Can you tell me how many hospitals presently are utilizing those agreements, what your experience has been up to now, how it costs us, that kind of stuff, just to get a bit of a sense? Just go through it and explain it to me, if you could.

**Ms Mottershead:** We're actually subsidizing the physicians at \$70 an hour to provide emergency room coverage, and there has to be an agreement signed by the physicians and the hospital, which is the host hospital for the provision of services, to make sure that there is a roster of physicians, that it's known when they're actually going to be covering, and therefore we receive confirmation that they have covered and will actually pay.

**Mr Bisson:** Do you have any stats in regard to how many hospitals and how many physicians?

**Ms Mottershead:** There are about 58 hospitals that I'm aware of, the last time I looked at this, that have applied to be part of this program.

**Mr Bisson:** How many are in now, do you know? Are there any where you're actually paying doctors? Of the 58 hospitals that have applied, how many have actually gone ahead and everything's in place? Are there any?

**Ms Mottershead:** I don't have the number on that one right now but I will get it for you. We do have some that



have signed up and which are receiving funding right now.

**Mr Bisson:** Do you have any estimates in regard to how much you figure this is going to cost? Just in fairness to you, as you well know, as we were looking at this particular issue there was some concern on the part of our government, and I think it was shared within the ministry, that although that is a very attractive, very good news item for northern communities or rural communities that are without hospital emergency services, it's an expensive alternative. I'm just wondering if you have any kind of numbers as far as what you think it might cost.  
1450

**Ms Mottershead:** Again, it's difficult to estimate because this is the kind of scenario that you may have: You may have an arrangement where there's one in three positions that takes up that kind of coverage; you may have one in five in a hospital; you may have all of them rotating and you only get that supplement once every 20 days. The way the cycle works is \$70 per 12-hour shift, and that translates to \$840 per day, or night, when that service is provided.

**Mr Bisson:** Excuse me, at \$70 per hour, it's more than \$140 a day.

**Ms Mottershead:** No. It's \$840, I'm sorry, for the 12-hour shift.

**Mr Bisson:** Oh, I understood \$140, sorry. Do you have an estimate?

**Ms Mottershead:** The estimate that we had early on was between \$16 million and \$20 million.

**Mr Bisson:** How would you make that up? I take it you would go find that money internally, within the ministry. That's not new dollars; the Minister of Health hasn't got a cheque from Ernie Eves for an okay of \$16 million to \$20 million. I take it that is from within the ministry itself, right?

**Ms Mottershead:** That's correct. It's a reallocation from inside the ministry's allocation.

**Mr Bisson:** What I'd be looking for specifically is, how many hospitals as of today have basically signed on and have agreements with their doctors; or I should say you have those agreements. How many doctors are we really talking about here? Obviously, it's different for different communities. How much does that cost? What's the cost? I'm just writing this down here.

**Ms Mottershead:** In terms of this fiscal year, it will be a minimal impact. In terms of 1996-97, it is part of our budgetary process, which involves both the consideration of where we can reduce spending and what the priorities for reallocation are. That process is going on right now and will be subject to next year's estimates.

**Mr Bisson:** For whatever it's worth, and I think Mrs Caplan would probably agree with me to a certain extent here, I think we're supportive in principle of what they're trying to do here. I think we have to congratulate the government for trying to do something positive here. But I really think that it's an expensive option and that there are other issues, as you well know, that we've dealt with and that I'm sure Mrs Caplan tried to deal with in her term in government, in regard to really trying to deal with the issue of not only attraction of doctors—it's one thing to get them into rural and northern communities—

the real issue is keeping them there. There's everything from burnout rates in small communities to isolation to being able to offer doctors the ability to upgrade their skills by getting them tied in with other medical staff in other institutions; there are all those other issues.

For example, in the community of Iroquois Falls, one of the things they did was to make a house available to the doctors who wanted to come in. If a doctor was to accept, he would get a house, and it was greatly subsidized by the municipality. It was a great way to get them there but it doesn't do a heck of a lot to keep them there.

What I'm saying is that I don't think throwing money at this one is really the answer over the longer term. I think we'll still have this problem six years from now, and the government will be stuck with a fairly large bill. Who knows where governments will be six years from now? They may have to revisit this whole issue and say, "We can't afford the \$20 million that we're paying to doctors for these kinds of agreements." Then you're going to be really stuck. How do you get out of this one? Doctors will say: "You're not taking that money away, because we've had it through all these years. Take it away, and I'm moving out of northern Ontario or rural Ontario." I think it really could become quite a mess.

I would encourage the ministry and the government and government members to really look at this issue from the perspective of retention, because it's an issue for rural Ontario as it is for the north. I think many of you understand this issue as well as I do. It's one that we wrestled with as a government. The real problem is that it really means to say we have to challenge each other as government and doctors and hospitals and there's lots of politics involved in that, as we well know. We're politicians but there is also politics within the OMA and within the OHA and we've got to deal with all of that. But none the less, I think this is going to be a problem later on and I just wanted to put that on record.

The other thing is, we used to receive information from the ministry in regard to the northern travel grant, how many applications were made, how many at the time existed within the system. It gave us a fairly good idea, as far as members in our ridings, to be able to track that a bit closer so that we could identify there were problems and we could pick up the phone and say: "What's going on with those travel grants? Get them going." You remember those conversations well.

**Ms Mottershead:** Is that why the phone has been quiet? The information is not there?

**Mr Bisson:** No, we're still having the problem. This is the point I'm getting at. In fairness to the staff within the Ministry of Health who deal with the travel grants, we've had very good cooperation with them. I would say in some ways we're having better cooperation, in the sense of them wanting to work with us as opposition members and the fear of having the front page show some tragedy, so I think it's an interesting thing being in opposition; some things work a little bit easier. In fairness, the staff has done a good job, but we are still getting problems, and I would just be curious: Is there a possibility of members' offices receiving on a monthly or a three-month basis that report that we used to get?

**Ms Mottershead:** It's a possibility. I'll look into it. I think it's probably more relevant for northern members. It's not something that I'm sure others would be all that interested in.

**Mr Bisson:** Yes, especially in underserved communities. To me, it's a fairly large issue. It might not be for somebody in Sudbury, but I can tell you in Timmins or Kapuskasing it's a big issue. So what I'd be looking for specifically is the kind of information that Minister Grier used to provide us with in regard to what the numbers were. It was actually—I forget her name, out of Sudbury.

**Ms Mottershead:** Eileen Mahood.

**Mr Bisson:** It was Eileen Mahood's office that used to pass that on to us, so if we can get that information.

**Ms Mottershead:** I'll see whether it's a possibility in terms of developing some fact sheets that we could do quarterly and send out to all members.

**Mr Bisson:** We found it very useful because it allowed us to stay ahead of the problem before it got really too big. There are times where you get a number of patients trying to travel to Sudbury or Toronto on the northern travel grant and all of a sudden you get this huge problem when they end up in your constituency office and the ministry ends up with this huge backlog in trying to deal with it. So if you can identify problems ahead of time, you're able to minimize them. I think that would be good not only for myself as an opposition member; I think it would be good for the government.

Most of the other questions I have would be better directed to the minister. But maybe for the record, if you can just give us a bit of a perspective—you might have already provided this or the minister might have already provided these answers and you can tell me otherwise—in regard to the cardiac care unit in Sudbury, the whole hospital restructuring issue that's happening out there.

There is, as you well know, a concern throughout northeastern Ontario that, with both the restructuring efforts on the part of the local community in regard to the three hospitals there and also the direction the government is taking in regard to its reductions in health care spending, that unit in regard to the Sudbury Memorial Hospital is in jeopardy. I wonder, for the record, if you just can tell us or try to assure us and assure northerners that yes, they will still have access to the cardiac care unit, wherever it might be, that they won't have to travel to Toronto if they need a heart bypass or angioplasty or whatever it might be. Maybe just to respond to that.

**Ms Mottershead:** I don't recall the minister being on the record on this but I certainly recall discussions, when the Sudbury recommendations came in, that services have to be absolutely protected. Cardiac services are a provincially managed program with standards and criteria developed by the Provincial Adult Cardiac Care Network. Whether the Laurentian and the Memorial combine, merge or whatever is decided there, that program will be protected, so it's a question of potentially what site it would be delivered from, but the program is definitely protected.

**Mr Bisson:** Do we know—you must have that information within the ministry—in regard to Sudbury Memorial and its cardiac care unit, has the utilization actually

increased over the last year or so or is it pretty well where it is? Do you have that kind of information?

**Ms Mottershead:** The report itself from the restructuring committee would have that kind of information. I don't have it here now, but if one was to refer to that—I think it's a public document that's been out there in terms of the restructuring committee—there are that many data that deal with utilization in every single department in every single program, and that would be available in that report. It is there and it's available.

**Mr Bisson:** I would just look for a little bit further assurance that if utilization is at current level or higher, it's not the intention of the ministry to reduce that level or frequency or quantity of services that is offered by the hospital in Sudbury, Sudbury Memorial, that it's not the intention to cut back.

**Ms Mottershead:** No, it isn't.

**Mr Bisson:** I know that's an issue we've had to deal with as a government, to try to assure northeastern Ontarians, and also I'd like to do that through you.

**1500**

The other thing is the question of dialysis. You would know, and I hope most government members would know, that there was a huge investment on the part of our government that's been carried on by your government in regard to dialysis services, not only in northeastern Ontario but across the province for all kinds of reasons. The whole question of the need for dialysis treatment has been quite a problem in regard to accessing the dialysis units in a lot of communities in northern Ontario and I would imagine in rural Ontario as well.

We had the fortune four or five years ago of putting in place, I think it's four or six dialysis units—I forget the exact number—at the South Porcupine Continuing Care Centre, in Timmins; that is now moving over to the Timmins and District Hospital. Are you at a point now—I know it's not a pilot program, but I think it's through Laurentian—

**Ms Mottershead:** Laurentian.

**Mr Bisson:**—that it's being monitored. Is there any indication at this point that any kind of review of those services or just reviews, period, are being contemplated by the government in regard to dialysis treatment at the Timmins and District Hospital through that program?

**Ms Mottershead:** I'm not sure I quite understand the question. In terms of protection of dialysis services, the answer is yes, and restructuring activities will not impact on that.

**Mr Bisson:** Let me be direct. I'm trying not to be confrontational here, because you are the deputy.

There is a fear, because of the closure of the South Porcupine Continuing Care Centre in South Porcupine, where the dialysis units are, that once they're moved into the Timmins and District Hospital, within a period of time—not immediately—people believe there's some kind of a plan to undermine that dialysis program at TDH. Is it the government's intention to maintain at least at its current level the level of service we're getting for dialysis treatment at the Timmins and District Hospital?

**Ms Mottershead:** Yes. As a matter of fact, the dialysis program in the Timmins hospital is operated as a satellite of Laurentian Hospital in Sudbury and we've had no



recommendation to date through the restructuring process or otherwise that there should be a change in that arrangement, either in terms of service volumes or funding or management, so there has been no change and as far as we're concerned the program will continue and it will be a protected program.

**Mr Barrett:** I want to raise the issue of fraud and misuse and overuse of our health care system and the resultant misallocation of scarce health care resources. I raise this for the purpose of determining to what extent the proposed smart card can alleviate some of these problems. I understand that health care fraud has been estimated at, I have a figure of \$691 million a year. The 1987 auditor's report found that there were 24.7 million OHIP subscribers in the province, which at that time was triple the province's population of nine million people, and at that time as well the computer system was out-moded and not able to track these health card carriers.

Many of us recall the story of someone who had a health card for their dog. Minister Wilson mentioned earlier in this committee the recent case of a physician who, I think to highlight some of these problems, made a claim for about \$2,000 for a heart-lung transplant which he claimed to have pulled off in his living room.

The concern for misuse, duplication of laboratory tests, doctor-shopping, concern for physicians who may be dispensing prescriptions for patients who have come in over and over again, or the concern for a pharmacist who may not really have access to records to know whether this individual has received certain drugs from other pharmacists and is misusing these drugs, and again the dangerous side-effects and the need to access a patient's history if they are suffering an overdose or an adverse side-effect to a particular drug—I don't think anyone argues that we need a better system, a better computer system to track the way patients are using the system and overusing the system, or misusing our insurance system.

Not to dwell on doctor-shopping, but an incidence of someone visiting four or five different physicians for perhaps the same illness—I've talked to a number of people. When they are moving from physician to physician, verbally they describe their symptoms over and over again, and there doesn't seem to be any backup system for the physician to really know what the history is for this person.

The concern is that we have something like 223 hospitals in Ontario and 24,000 doctors and 82,000 nurses, and many other health care providers and other providers under WCB and Comsoc who are providing health care, and as I understand it, we don't seem to have a system that links everyone together. My concern is to what extent can an improved health card system, the smart card system, alleviate doctor-shopping and alleviate misuse and overuse and alleviate fraud in the system.

**Ms Mottershead:** Let me start by saying that if the minister were here he could tell you himself that he is really quite committed to making sure that fraud can be substantially reduced in the system, from all sides. He's very keen, and we are working on some elements of a smart health information system versus smart card. It's important that we do have systems that link with each other so that in fact you can see what the provider data

tell you with the client data, so that we can do some matching to determine what kind of encounters people have had with the health care system. Not only would that deal with issues of fraud, it deals with the issue of quality, which I think, Mr Barrett, you have already mentioned.

One of the issues we are looking at right now is the issue of primary care. For example, the Ontario Medical Association has recently released a report for discussion purposes of a new primary care system potentially to be implemented in the province.

One of the features of that particular report is that physicians' offices need to be automated to accomplish a couple of things. One is to make sure that the health record of the patient is well documented and that it is also portable, so that when a patient is referred to a specialist the patient record moves to the specialist so that the specialist doesn't have to do more tests that have already been done, knows already the test results and can deal with that right off the bat.

That very clearly addresses the issue of overuse of the system, but it is also a quality issue because it means that the specialist can act very quickly, doesn't have to wait a couple of more days for test results and the like. In addition, that record would move to a hospital should that specialist have to put a particular patient in a hospital. The hospital record can then flow and be maintained and so on. So that is an excellent feature in that system.

What the primary care information system will also do is help physicians in terms of how they relate to government and payment and claims, and facilitates all that and integrates information.

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Another feature of this proposal has a suggestion in it that patients in a particular community be rostered to a physician or a group practice, so there would have to be some kind of commitment by patients to have a relationship with a particular doctor or group of doctors. In doing that, the system will tell you who the patients are, what doctors they're relating to, and if there is shopping around, that will be very evident and there could be some consequences. We're looking at that as one of many proposals that have come forward on the primary care front to deal with better system management, quality assurance and elimination of misuse or abuse of the system.

The other thing members here would be aware of is that Bill 26 actually has within it an expedited process for adjudication of physician claims, and that was part of that whole exercise, so that gives us new tools through the CPSO to deal with the question of overbilling, as an example.

You should be aware that in looking at a smart information system, we're very mindful that we need to protect personal privacy and that only people who need to see information actually have access to that information. If a patient record moves from physician A to a specialist, it's only the specialist who sees their record; it is not the Ministry of Health employees and it's not the general public. I have held discussions as late as last week with the freedom of information commissioner and have invited him to work with us on the development of a policy framework for the protection of individual

privacy with particular emphasis on health records and health management and what implications that would have for development of technology. So that's where we are on that front.

**Mr Frank Sheehan (Lincoln):** District health councils: We spend a lot of money on those, \$21 million I guess it is. Can you tell me how you manage or control them or just generally assess their effectiveness? Do they file business plans with you? How do you measure or track what they do on their business plan, both on policy-setting and on financial concerns? In the Niagara district they're spending \$500,000. How do you assess the qualification of the members? I'm particularly concerned, with the charge that's been given to them under the restructuring, what qualifications the various members of these councils have to make these major decisions.

**Ms Mottershead:** We currently have a memorandum of understanding with the district health councils that spells out their accountability to the ministry. They are required to have annual work plans, and we do see them and we do monitor so that we know how many committees need to be set up. As you know, the councils are primarily made up of volunteers, thousands of them, and they are organized into subgroups that deal with specific issues the ministry asks them to look at: things like planning for mental health; planning for long-term care; reviewing the annual plans of hospitals, the operating plans; making sure that there are no cracks in services as a result of, potentially, hospitals getting out of one business, the only business in town. That's their role. On an annual basis they're looking at their restructuring plans and dealing with that.

There is an ongoing relationship that we have in addition to knowing exactly what they're going to be tackling in any one year. We have staff who actually participate and attend meetings of the district health councils to make sure they are working along the lines that had previously been agreed to.

With respect to the qualification of members, in our memorandum of understanding, we've made it very clear that there has to be a balanced representation as between provider groups and community groups, for example. It's the community members who actually provide the validation, if I can put it that way, as to whether or not the district health councils are reflecting the views of the communities or are they being swayed on the provider side, whether that's hospitals or doctors or all of that.

There's a nominations process. The ads are put into the local papers in terms of advertising for membership and availability of a seat on the councils. They have a nominations committee and they review all the applications. They determine, if they need a provider, whether that provider's got experience in the health care system, whether they're good business people who represent the community, whether they need some legal knowledge, for example, because of some of the tricky issues that they're getting into with recommendations around restructuring. So they actually vet out the applications. Those applications are sent in to the minister and the decision is made by the minister, because they are ministerial appointments. That's the current process.

**Mr Sheehan:** How do you monitor? I've looked at some of those processes and I evaluate the CVs on the basis of some business experience I would have. You've given them a rather substantial charge. It's a big operation and an onerous responsibility. In the CVs that I observe, I have a problem understanding the qualifications.

Also, another thing you could address, if you would: If you've got a \$500,000 budget, for example, in the peninsula and you've got mostly volunteer labour, where is the 500 grand going?

**Ms Mottershead:** I think Mrs Caplan wants to answer this one for me.

**Mrs Caplan:** Actually, I wouldn't mind making a statement, if I could, if you don't mind.

**Ms Mottershead:** I don't mind.

**Mrs Caplan:** I was involved in having to answer the questions that you've just asked about the district health councils, and it was my belief—and it remains my belief—and I think it was the original intention when the DHCs were established that they not be filled with professionals, people who had expertise, but that in fact they came as members of the community with an interest and a dedication, and that part of what they would receive, since they are volunteers, is the education, as well as the opportunity of influencing the delivery of services and access to services in their community.

I always felt it was a mistake to only accept people on the district health council who came with CVs. In fact, when I was Minister of Health, I said that the ads that went in the paper should specifically say "No experience required," because of the fact that you wanted to have community people who were interested. The composition of the board, as the deputy said, requires a certain amount of expertise for those who come as professionals. There are also spots for municipal people. But if you wanted a balance of a lay interest, "lay" being general public, then it was really important to encourage average people who were interested to come out and participate. I think the province has gotten very good value from the district health councils.

Further, my concern is that at the very beginning of his time, the minister was talking about a change of mandate for the DHCs. So maybe in answer to your question, the deputy could give us some assurance of the minister's support for the DHC program and not changing the mandate.

**Mr Sheehan:** I'd like to ask my own question on the current policy to persist in that practice, because I obviously disagree with Ms Caplan. I asked the local health council if they reviewed the plans. "Oh, yes, we do that," I said, "What are your qualifications for reviewing a \$50-million or \$60-million budget?" "Well, we don't actually review the budget," I said, "Then how are you evaluating the cost benefit to be derived from spending all this money if you lack the expertise to make the financial judgements?" So I think it's nice to have well-intentioned amateurs, but we're talking about the health system of this province, we're talking about spending an awful lot of money, and I'd like to see better than well-intentioned amateurs. I'm not going to spend 40 bucks a seat to go down and watch a bunch of third-rate hockey



players, what have you, and I don't think we should have that kind of good intentions—you know, the road to hell is paved with them. So maybe you can assure—or tell me; I hate the word “assure”—just advise me whether or not it's your intention to adhere to this appointment policy. If it isn't, what steps are you going to take to get yourselves out of it, because you've given these health councils an enormous responsibility.

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**The Chair:** Sounds like a question that the minister should answer.

**Ms Mottershead:** If there are 30 seconds, I would like to add another bit of information on this.

In addition to the volunteers, the amount of money that you mentioned earlier is being spent also to support some staff. We do have really quite good staff who are health planners, epidemiologists, accountants, you name it—well-rounded—who actually do the analysis, summarize the information, and then that information is shared with council. Council itself doesn't pore over reports that are this thick and contain, in many cases, very technical data. So there are people with the technical abilities that help the volunteer members do their job.

**Mr Sheehan:** The question stands. I'd like an answer, please.

**The Chair:** Mrs Ross, you have about a minute and a half.

**Mrs Ross:** A minute and half.

**Mr Sheehan:** You're not going to do it quickly.

**Mrs Ross:** I'll let Frank finish up, then.

**Mr Sheehan:** I guess I will. Do you have it in mind or is it contemplated by the ministry to implement an accreditation process for long-term-care places like nursing homes, rather than the current—

**Ms Mottershead:** Do we have a what?

**Mrs Caplan:** Accreditation.

**Mr Sheehan:** Accreditation, similar to what they have in the hospitals, do you intend to switch that to the old folks—is it your intention to do that?

**Ms Mottershead:** The national accreditation body, which is currently responsible for hospital accreditation, has over the last couple of years been looking very seriously at community programs, community agencies, long-term care, nursing homes, and they are moving very directly into an accreditation program for nursing homes. The guidelines have been established, the criteria have been developed, and they're moving in. They've done some pilot programs already to test their accreditation criteria against what's actually happening in places like nursing homes. We're looking at province-wide—actually, country-wide—implementation of accreditation in the very near future.

**The Chair:** It looks like, Deputy, we may have to get you to run soon as one of—Ms Caplan.

**Mrs Caplan:** Just to follow up on that, and I would support an accreditation program, provided that you didn't end the compliance program to ensure that nursing homes maintain the standards and work with them to achieve those standards, because accreditation happens, if you're good, every three or four years, and it has tended to be voluntary. So could you assure us that there's no

intention to end the compliance program within the Ministry of Health?

**Ms Mottershead:** There's no intention to end compliance reviews.

**Mrs Caplan:** Thanks. I think that's an important message.

To follow up on the question that was asked about overuse or inappropriate use: I wouldn't call this fraud but I would call it inappropriate use. At the same time as we're all concerned about appropriate use, I think that there are some messages being sent out which are causing overuse and inappropriate use. I have before me a memorandum to “all airport customer service employees,” and this is from Air Canada. It says as follows:

“All absences due to sickness for three days or more require that you”—in bold, large caps—“must”—underlined—“provide a medical certificate which indicates the reasons for your absence and that you're fit to return to work, with or without restrictions.”

Since we all know that if you have a cold or the flu it isn't necessary to go to the doctor, would you consider this requirement of Air Canada to be appropriate use of the health services in Ontario?

**Ms Mottershead:** What you're referring to there is service that is not medically necessary, and that in fact, in our discussions with physicians and contained in Bill 50 was the provision that third-party billing would occur for things like a visit to the doctor just to get a medical note for absence from work. In fact, Air Canada, I believe you mentioned, is probably going to be the party that will be paying the bills for those visits.

**Mrs Caplan:** That was my next question. But they haven't informed their employees that they should identify that to the doctor, nor have they mentioned that they're going to pay the bill. I'm going to give you this and ask if you would let Air Canada know, because I think what's likely to happen is people will go to their doctor and ask for a certificate, and inadvertently OHIP may be charged. I think this is one place where Air Canada wants something that is not medically necessary, they should pay for it, and employees should know that that's the case and they don't have to pay for it themselves.

**Ms Mottershead:** I will follow up on this, but you may be aware that physicians already know that when these cases present themselves, they're not to charge the health insurance plan. It wouldn't be in their interest to charge the health insurance plan, given the competition for that limited pool of money. But we will follow up; thank you, Mrs Caplan.

**Mrs Caplan:** Thank you. I do have another question that I was asked by the Metropolitan Agencies Representatives' Council, MARC, and that is that there is an inter-ministerial initiative on dual diagnoses for the developmentally delayed and mental health needs. That's coming to an end on March 31. The original intention of this interministerial initiative was to bridge the gap between the mental health and developmental service sectors. While some progress has been made in terms of sharing the responsibilities at the service level, the question is, what is the Ministry of Health's commitment to maintain and continue the activities of this initiative jointly with

the Ministry of Community and Social Services in terms of planning, policy development and funding? Is the initiative going to continue beyond March 31?

**The Chair:** Again, Mrs Caplan, that sounds almost like a question to put to the minister.

**Mrs Caplan:** No, I think it's a program question. If the deputy's happy to answer, I'm happy to have her answer.

**Ms Mottershead:** In terms of the exercise that we're going through right now, and that is planning for 1996-97, it has not been brought to my attention from the program area that there should be any kind of program elimination. On the contrary, I think, if anything, the government is committed to expansion of community-based services for mental health.

**Mrs Caplan:** I think it would give the agencies some comfort if they had some notice before the end of the month that the interministerial initiative on dual diagnoses was going to be continued, and MARC just asked me to get that on the record. They'll be very happy to hear that.

**Ms Mottershead:** I'll try and get an answer for you tomorrow.

**Mrs Caplan:** That would be great; thank you.

The next question has to do with the issue of falling through the cracks. We know that health services for youth as they relate to Comsoc—this is again dealing with this dual diagnoses thing—that there's an age where from 16 and over they're eligible for Health mental health services and before that, it's children's mental health under Comsoc. The concern is the difficulty that youth in that gap have in accessing mental health services that are funded by Health. The question is, what is the Ministry of Health doing with regard to establishing shared accountability with other ministries—for example, the Ministry of Community and Social Services, the Ministry of Education, corrections—for the group that's called the transitional-aged youth, to make sure that there is a continuum and not an interruption in their ability to get service?

**Ms Mottershead:** We are in discussions with the Ministry of Community and Social Services; we've also had discussions with the Ministry of Education and Training. We want to try and approach this area in a continuum, as you've indicated. There are regular meetings of the program people to review the odd case that does fall through the cracks, and to see how they can better improve service coordination so that doesn't get repeated too often. So we are talking to them and we're trying very hard.

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**Mrs Caplan:** The next question that I have really is a concern as it relates to other disease areas, but certainly in the area of HIV and AIDS we're seeing the rapid development of drugs, which is good. I think everyone is pleased that there's hope for people living with HIV and AIDS.

We know that you have the Trillium drug program for those people who are able to work. Notwithstanding that, listing of drugs becomes an issue, particularly for the Ontario drug benefit program, so it's a simple question, but I know that it's a complex question. What is the government's plan and what will be the cost for funding

the many new and expensive AIDS drugs which are now becoming available? In other words, how are you going to make sure that, as the drugs are available and are listed, you will be able to pay for them? Is that part of the reinvestment? Can we be looking for that? Are you going to be shifting from one envelope to another? What's your intention of making sure that people have access to the new drugs that come on the market?

**Ms Mottershead:** I think that you're absolutely right, it is a complex question. We do rely on the DQTC to give us its best advice. These are the experts who tell us whether or not these drugs and their efficacy are as indicated and what circumstances they should be prescribed in. The ministers—in my recollection, all parties—have had that DQTC and have respected many of its recommendations.

**Mrs Caplan:** With fairness, if I could interrupt you just for a minute, one of the concerns that I have is that the criteria for the DQTC have been changed. In my time, while cost-effectiveness was always a concern and an issue, drugs were not left off the formulary because of cost alone. It's my understanding that with Bill 26 the minister can choose to not list a drug if the cost is prohibitive.

**Ms Mottershead:** That's a complicated question as well, because cost-effectiveness doesn't just look at the cost of the drug. It also looks and compares that to the kind of outcome that particular drug and therapy will have, and it relates the outcome to other drugs and other therapies and makes that comparison. So it's not just, it's a costly drug and therefore it's not on the formulary. It looks at the actual outcome in comparison to other drugs, similar drugs or other therapies.

**Mrs Caplan:** That's why I raised the issue particularly in the area of HIV and AIDS. I think there are other illnesses where there may be drugs and other therapies that can be compared. Given the unfortunate reality of the newness of HIV and AIDS—I mean, it's a decade that we've been dealing with this disease and virus—the concern is that those living with HIV and AIDS have access to new drugs as they become available. They want some assurance that they're not going to be denied simply because of the cost.

**Ms Mottershead:** Our recommendation to government is that where the drugs have been shown to have a high level of benefit and where people need the drug to treat their particular problem, those drugs be made available. I believe that if the minister were here, he'd say that the changes that were made to the Ontario drug benefit program in terms of introducing some copayment in the system were to ensure affordability and sustainability in light of the fact that we do have many, many more drugs coming on stream that are very, very, expensive. And in a lot of cases the drugs are to be taken in combination with other drugs. It's not as if they are replacement drugs in and of themselves; they do have to be taken, in many instances, in combination. For that reason, we need to have the ability to pay for those new drugs that are coming on.

You've mentioned HIV and AIDS. Our analysis, for example on the cancer front is just as remarkable in terms of the kind of breakthroughs that are coming forward and



the cost of individual drugs over a period of a year for any particular patient. Combining all that together, the copayment introduction I think will help deal with the question of sustainability.

**Mrs Caplan:** I was going to deal with cancer drugs next, actually, but I guess before I leave that, it's my understanding that the \$225 million in savings is going to the deficit. There's no suggestion of reinvestment in the drug benefit program. I saw that on the bottom line. Is there a reserve fund at the ministry?

**Ms Mottershead:** We have a reallocation process. I know that members have been asking the minister for reinvestment numbers and so on. In the ministry we look at the budget as a total budget, and we have savings and reinvestment opportunities, and to the extent that we can move from one to the other side of the pot, we do that. It may not naturally flow that portions of savings from the \$225 million will go back to drugs. They could be recycled in the same—

**Mrs Caplan:** No, Margaret. That \$225 million flowed to the consolidated revenue fund of the Ministry of Finance; it didn't stay with the Ministry of Health. Let's be accurate. The \$225 million out of the ODB went to the consolidated revenue fund at Finance. Show me where it is in the estimates of the Ministry of Health and if that's in a reinvestment fund.

**Ms Mottershead:** That's next year's issue. We know that \$225 million has not been reduced yet. The program will not come into effect until June of this coming fiscal year and that reduction will be reflected at that point in time.

I think what your question was, will there be additions to the drug programs, whether it's Trillium or ODB, that will deal with the question of making sure that there would be availability of drugs that are needed for certain things, HIV and AIDS? The answer is yes, the intention is that.

**Mrs Caplan:** My next question has to do with cancer. Most of those drugs are not provided through the ODB and Trillium, but rather through the OCTRF and Princess Margaret Hospital. I wondered what the impact of a 5% cut is going to be on their ability to provide not only services but those new expensive drugs which you've just alluded to.

**Ms Mottershead:** Right now, we are in a stage with the OCTRF of doing a couple of things. One is the development of clinical guidelines, particularly with emphasis on systemic—chemotherapy, for example—so that the system itself can become a lot more efficient and physicians who are required to prescribe drugs actually know which drug and how effective it is. It's the first time that it's ever been done in North America in cancer. The guidelines are being prepared—this is what OCTRF tells me—in its clinical trials group.

**Mrs Caplan:** British Columbia.

**Ms Mottershead:** In oncology?

**Mrs Caplan:** British Columbia has what I had hoped Ontario would have, and I don't know what ever happened to the cancer agency where you would actually have one large cancer network. But right now, I think OCTRF does have guidelines and so does PMH, but they

don't have systemic guidelines. But I think they do in British Columbia.

**Ms Mottershead:** My information is from the OCTRF clinical working group, and as of last night, when I met with some of them, the information that was given to me, and it's been written in one of the US articles, so we can bring that forward because they had it there, is that this was the first time in the USA, to the extent that they're applying the guidelines and dealing with the detailed information that is required. There may be guidelines specific to a drug, but these are comprehensive guidelines that deal with the effects of one drug on an issue linking to something else to something else. So it's comprehensive.

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**Mrs Caplan:** So this is specifically drugs?

**Ms Mottershead:** It's primarily chemotherapy and other drugs. The point there, again, is to deal with the question of quality care, best care, appropriateness—which you've mentioned before—and also to try and become a little bit more efficient, because we know that there is perhaps some misuse going on out there as a result of not everybody being up to speed with the latest in the clinical guidelines and so on. So that deals with that aspect of it.

Because there are certain pressures in the system, the previous government—and certainly this one has continued with the policy, and that is to fund drugs like Taxol. That is continuing and that is over and above what's already available to those hospitals and cancer centres in their drug program.

Just one more bit of information that I think might be useful is that in looking at the systemic therapy area, what OCTRF is doing, and we're trying it out with the Taxol issue, is linking in all of those community hospitals and teaching hospitals that are using chemotherapy—

**Mrs Caplan:** That's my next question.

**Ms Mottershead:** Sorry. Do you want to ask a question? Then I can answer it.

**Mrs Caplan:** No, you anticipated my next question. Go ahead.

**Ms Mottershead:** Linking everyone and looking at the profile of patients and who's using them and how long their use has been in place. There's an evaluation of that program and that system of linking and reporting through OCTRF that we will be doing in the next couple of months, because that program of Taxol and integration with hospitals in the distribution of guidelines and information is fairly new; it hasn't been quite six months yet.

**Mrs Caplan:** I'm planning to continue the questioning in the area of cancer. Given the incidence increase that is contemplated, I think the minister is very shortsighted in cutting the funds. I want to talk a little bit about the impact of those cuts, given the fact that you have a rising incidence of cancer, and also want to know whether or not there are any plans for the development of a cancer agency, and what is going to be the impact of the merger of PMH and the Toronto Hospital within the cancer system, given the fact that PMH and OCTRF for years have been coming together and then establishing the kind of cancer agency that would ensure a coordinated access to cancer treatment.

**The Chair:** Mr Bisson.

**Mrs Caplan:** Are you saying we're out of time? You can take that as notice; we can start with that for the next round.

**Mr Bisson:** I'd just like to ask, when do expect the minister to be returning?

**Ms Mottershead:** Brett's just gone out to check, to see.

**The Chair:** I was told me he would be away from the committee 10 minutes, and that was after 2 o'clock. I know the committee has been extremely patient.

**Mr Bisson:** I would rather pass my questions to the government and wait for the minister, to be honest. No disrespect to the deputy minister, but there are—

**The Chair:** Would you like to take some time now, a break?

**Mr Bisson:** If the government members—it's up to them.

**Mrs Caplan:** I have a number of questions that I've been asked to place on the record by groups that I'm quite happy to have the deputy answer. I would prefer if it were the minister, but I don't think we're going to have enough time with the minister, so I'd like to get these on the record, if that's okay.

**Mr Bisson:** Do you know when we're expecting him back?

**Ms Mottershead:** The minister's assistant just left to go and check.

**The Chair:** Let's work out this time then. Let's work out this time itself.

**Mr Bisson:** Oh, no. If Mrs Caplan wants to utilize some of her time to ask questions, that's fine by me. I just would rather utilize my time with the minister at this point.

**The Chair:** Would you want to put your time on now, Mrs Caplan?

**Mrs Caplan:** No. Rather than adjourning, the thing is I don't want it to count—

**Mrs Ross:** I wouldn't mind asking some questions.

**The Chair:** Okay. Let's proceed then.

**Mr Bisson:** I just want to make clear that I'm not giving up our time.

**The Chair:** No, no.

**Mr Bisson:** Once the minister returns, it will come back to me.

**The Chair:** Right on.

**Mrs Ross:** I'd just like to ask a couple of questions in the long-term-care area, if you don't mind. With the community care access centres starting up, I'd like to know, with respect to a nursing home that provides those services through its own facility, how will those services be delivered now? Will they have to go through a community care access centre or will they still be able to provide those services themselves through their own nursing home?

**Ms Mottershead:** The nursing homes' programs will not be affected by the community care access centres at all. There's no change on the facility or residential side of long-term care. The community care access centres are primarily responsible for access and coordination of community home care, not inside nursing homes. However, there's one element. Because we're trying to integrate

placement coordination services, the referrals to nursing homes, for example, would happen from the community care access centres. Right now, they are being referred by an independent agency called a "placement agency," and we're taking the placement agencies and home care programs, combining them, reducing the numbers, and in that way becoming more efficient. Nothing programmatic changes in the nursing homes as a result of that initiative.

**Mrs Ross:** I'm sorry, but I'm a little bit confused in this area. The reason is that in this particular nursing home I'm speaking about, I understood they looked after the placement as well through their own facility. Is that possible to happen?

**Ms Mottershead:** They did, I would say, several years ago. Over the past few years, though, placement coordination services have been offered to people inquiring, "Where can I go? Is there a home for Mom?" or whatever, and that service is being provided by the placement coordination services that exist now.

There are some situations where the direct placement does happen as a result of—depending on how small your community is, you pretty well know the administrator of the particular facility, and arrangements, if there's space, can be made fairly soon and fairly directly. Where there are issues like waiting lists, the placement coordination group actually is responsible for making sure that the next person in the queue is placed rather than queue-jumping and that kind of thing. It's a service that's intended to deal with the question of fairness.

**Mr E.J. Douglas Rollins (Quinte):** Some information about something that's a little confusing to me. My colleague across the way here said the \$70 an hour had some bearing in terms of how long it was going to stay in place and what the outcome was and whether it could be taken away at some time or something of that nature. Bancroft I think was one of the first hospitals that signed on for the \$70-an-hour system, and it has worked out extremely satisfactorily. They were in the position where basically the doctors felt very overstressed, very underpaid and were prepared to withdraw their services; once this came about they became very happy and are now satisfied and seem to be working along quite well under these conditions.

Just as a rookie here, there's another thing I'd ask about Ms Caplan's statement that "beds are not a measure of service," that you don't believe that, yet you turn around and try to say that hospitals are a measure of service. Maybe I'm a little thick, but if one is and one isn't, is one a live bullet and the other a dead one, or are they both bullets?

**Mrs Caplan:** No, you don't require a bed to provide a service. In fact, about 70% of services are now provided in an ambulatory outpatient environment, and the best example of that is cataract surgery. It wasn't so many years ago that you stayed in a bed for five days. Now they do it in half an hour in an outpatient facility. You can close the bed, shift the resources to your outpatient department and do five times as many services. That's what I meant.

**Mr Rollins:** Maybe we can remove one hospital and do the same thing.



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**Mrs Caplan:** What I have always said is that you should be focusing on services, not on the bricks and mortar. I haven't seen any plan that said how you're going to protect those services, particularly in light of the transfer cuts. You've said to hospitals, "Cut 5% this year, you're going to have 6% next year and 7% the year after." Where's the plan to protect services? That's the question. It's not out there.

We've heard that there are DHCs moving around bricks and mortar and discussing how services may be provided, but your own document in the election said the services should be in place before you reduce services in hospitals, and I agree with that. You should not be cutting services until you can tell people where they're going to be able to get that service, and that's not happening, sir.

**Mr Rollins:** But if one hospital can provide it for two places, why bother having two hospitals? One will do it.

**Mrs Caplan:** Tell us how that service is going to be provided. I haven't seen that.

**Mr Rollins:** I can tell you, in our Quinte area, where we used to have four hospitals doing obstetrics, now we have one—no big deal; we're doing it at one.

**Mrs Caplan:** That used to be called rationalization. By any other name—you can coordinate, you can amalgamate, you can merge, but your community has no less service by moving it all into one place. I would support that. I'm not against reallocating—

**Mr Rollins:** So you will support closing hospitals in some places?

**Mrs Caplan:** In fact, I was the minister who set up the Guelph study and the Windsor study. I've never said you don't need to restructure. What I've said is that you have to guarantee the community they're going to get service. Your plan doesn't do that. That's the worry.

**Mr Rollins:** I think it kind of guarantees that there.

**Mrs Caplan:** No, it doesn't.

**Mr Rollins:** I disagree with you there.

**Mrs Caplan:** We're going to be watching. Wait till the hospitals announce their layoffs and tell you which programs they're cutting. The minister today said you have protected programs. Ask the deputy what those protected programs are. Anything that isn't on that list is gone or cut severely. You wait. Don't assume that you've protected all programs and services. You haven't.

**Mrs Ross:** I want to address that very issue. When our health action task force came to us and gave us a report, we really didn't have opportunity for too many questions, but one of the questions that was asked by Mr Christopherson was, what's the impact on loss of jobs with respect to this restructuring they're talking about? The answer that came back was that there may be some loss of jobs in some areas, but what they could see was an increase in jobs because they're focusing more on long-term care and providing more opportunities in the long-term-care area. They thought it would provide more opportunities for more jobs, and that was the response we were given by the health action task force in our area.

**Mrs Caplan:** Like St Peter's?

**Mrs Ross:** No, I'm talking about the health action task force report that came back that suggested that if they recommended—

**Mrs Caplan:** I thought you were referring to the 200 layoffs at St Peter's.

**Mrs Ross:** Could I just finish what I'm saying? They recommended that we increase the long-term-care beds, and I think the amount was—it's quite a lengthy report and I don't remember which tab it's at, but it was about 800-some beds. Increasing by that number of beds in fact would create jobs in that area. It may lose jobs in other areas, but it would create substantially more jobs in those areas. I just wanted to make that comment.

I'm also reading from that report, and I'd ask if you could clarify for me exactly what this means, because I'm not an expert in health care and I don't understand it particularly well. "The restricted hospital-by-hospital approach to credentialing also affects the system's ability to develop a common medical staff who would be able to practise anywhere in the city and be able to provide an efficient on-call system." Can you please explain to me, when they say "hospital-by-hospital approach," exactly what that means? Does that mean that when a doctor is assigned to a hospital he can only practise out of that one hospital and he's limited to where he can go? Is that correct?

**Ms Mottershead:** The "hospital-by-hospital approach" relates to the privileges given to the physicians to work in that hospital. I believe what they're suggesting—and I have not read that report—is that we shouldn't do a single approach, because what happens in some hospitals is that the kind of services they end up providing has a direct relationship to the kind of specialist they bring in, and it may not be exactly what the health of the population in the next 10 years really needs. I think what they're trying to say is that if that approach were changed to a system approach, if there was pooling of resources to match what the population will need and allow the physicians to move around more freely, that would be somehow more beneficial. That's the only interpretation I can put to that, and it's a bit of speculation on my part in terms of whether that's what they meant.

**Mrs Ross:** I also want to ask a question—I'm sorry, but I've got tabs everywhere—with respect to restructuring and the formula for funding in the hospital area. The minister's come back, so he can probably answer this. In our area, one hospital received a 7% change in funding where another hospital received 2.5%, another 3%, that sort of thing. My response was, when I first heard it, "Well, the person who got the 7% obviously hasn't done their job in restructuring."

Earlier we talked about the formula under which funding was provided to the hospitals. If a hospital had a funding formula assigned to it—I know it's very complicated and involves the type of care they deliver, the cost of that care and all that kind of stuff, but it also takes into effect the restructuring they've already done. Am I correct in saying that? For example, if they've eliminated one CEO from a hospital, that doesn't really mean they've restructured. Would I be right in saying that?

**Ms Mottershead:** I'll continue with that one, if that's okay, and then let the minister pick up fresh from a full question.

In Hamilton, for example, the way the allocation was done, St Peter's would have had a 2.5% reduction be-

cause it happens to be a chronic care hospital. Chedoke-McMaster got a reduction of about 3%. Part of that really does reflect the fact that over the last four years, Dr Jennifer Jackman has been doing a tremendous job in terms of re-engineering, reducing costs on a case basis; that particular allocation is reflective of the fact that real restructuring and re-engineering has been going on in that hospital. That's why the variance. At 7%, you don't have that kind of effort, and it just shows that there is room for additional improvement and efficiency.

**Mrs Ross:** I just wanted to clarify that, because that was my understanding. I will pass on any further questions if you want to give up our time so we can proceed with the minister.

**The Chair:** We'll go back to Mr Bisson.

**Mr Bisson:** Thank you very much, Mr Chair, for accommodating my waiting for the minister.

Let me come back to what we were talking about earlier this morning. We didn't get a very good chance to get into it. As the minister, the representative of your government for the ministry and the person in charge, you've announced a series of reductions in budgets to hospitals across Ontario in a multi-year plan, in the neighbourhood of 4% this year for a hospital in Timmins and somewhere around 5%, 6%, 7% for the next two years after that.

I want to ask you something you always used to ask us when we were in government. Have you put together any kind of estimates, first of all, of what you think this will mean in regard to effect on services? Have you looked at what it means at all in the impact on services to those communities and those hospitals?

**Hon Mr Wilson:** The advice this government received from the Ontario Hospital Association—and it's the line of thinking we're taking—is that we shouldn't see an effect or reduction in services with respect to the transfer reductions, and we'll be monitoring that through the operating plans of the hospitals.

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**Mr Bisson:** So there's no plan as such. What you're telling me is that the Ontario Hospital Association has told you that if you cut the amounts you're cutting over the next three years, there will be no reduction in services to communities, quite apart from the bricks and mortar side.

**Hon Mr Wilson:** That's certainly the line we're trying to make hospitals adhere to. As I said, your government caught hospitals last year reducing psychiatric beds, and, through the same process we will use, you didn't approve their operating plans; you sent them back and said, "No, those are protected areas." My deputy has already, on January 23, had to send a note out to hospitals that were trying to do the same thing over again—not cut their administration, not cut the fat from the system.

We know there's 4% worth of fat in the system. In your area, your own administrators told me that, and they know this will spur them to get on with the other hospitals in Cochrane district to do some restructuring. The bottom line is that we'll be monitoring to make sure there continues to be high-quality health care and good access to services and not a net reduction in services. We're not looking at that. We may see a merging of programs, as

you've already done up there. We may see more of that in the future.

**Mr Bisson:** Let me come back to it again. What you're telling me is that there have been no impact studies done on what it means to individual hospitals or hospitals in general across the province when it comes to these reductions.

**Hon Mr Wilson:** That would be correct, but we're taking the hospital association's word. Whether you agree or not, the hospitals themselves agree that money can come out of their system—we have DHC reports that say that—and the money should be reinvested in community-based services and other health care priority services, so you're harping on a dead horse.

**Mr Bisson:** What's that?

**Hon Mr Wilson:** You're harping on a dead horse.

**Mr Bisson:** I think not. First of all, that is a huge shift from the position the Ontario Hospital Association took both with the Liberal government and our own when it came to reduction in budgets. At no time did I ever meet with the Ontario Hospital Association during the time we were in government, and I would imagine it would be the same for Mrs Caplan, where the Ontario Hospital Association said, "You can take a total of 15% or 20% out of our budgets and it's not going to affect services." Either the Ontario Hospital Association has really revised the position it's had over the past while or—

**Mrs Caplan:** Did you say yes, they have?

**Hon Mr Wilson:** David Martin's been very clear, certainly in discussions I've had with them, that they feel this is doable or they would have been fighting us and screaming. They put out press releases agreeing with the way we went about the transfer reductions, they put out a press release agreeing with our Health Services Restructuring Commission, and I take their press releases and letters at face value.

**Mr Bisson:** Gee, you never took anybody else's press releases at value when we were in government. Why should you start now?

**Hon Mr Wilson:** I don't think that's fair or true. There are hundreds of things I never commented upon.

**Mr Bisson:** Anyway, the point is that the Ontario Hospital Association never took that view with our government, had not taken that view with the previous Liberal administration of Mr Peterson, and I have a really hard time believing that the members of the Ontario Hospital Association, those board members, would actually support your comment. I've actually had a conversation with some of the members of the association who are telling me quite the opposite. But I ain't going to sit in this committee and argue with you.

**Hon Mr Wilson:** Could I just make a clarification?

**Mr Bisson:** You'd better.

**Hon Mr Wilson:** No, I'm not backing down on what I said. What's different is that they presented us with about a 20-point plan—more than that, actually—and we agreed with about 95% of everything on the page, and Bill 26 was part of that. So we didn't leave them out on a lurch.

What we did differently from other governments is that in the pre-budget, mini-budget or whatever we call it, the economic statement—in Ernie Eves's office they pres-



ented us with a very lengthy list, including things like crown foundations and that, and we moved on almost everything on that list. There were a couple of things with respect to arbitration. They wanted us to go farther than Bill 26, so we met them halfway.

That's what's different. They were very reasonable in coming forward. "We need tools X, Y, Z," up to 20 or 21 points—more than that on the page, actually, just going by recollection—and we met them and gave them the tools to do the restructuring. Therefore, in that climate, they've been very, very cooperative. You can do nothing but praise them, I think.

**Mr Bisson:** Let me take two of the things you said and we'll just get into those a bit more. I have never had somebody from the Ontario Hospital Association, a board member of the OHA or a member, come to me and suggest, "There's a whole bunch of fat in the system." I've never had them say that, and if you're saying that as a minister, they're certainly changing their position awfully quickly.

**Hon Mr Wilson:** Read the releases.

**Mr Bisson:** Well, listen. Where we're having a disagreement here is that generally I don't think a party or a member in the House disagrees with the direction the government needs to go in terms of containing expenditures within the health care field. Medicine is always advancing, always changing, and consequently the system must keep pace with that change in technology. Nobody argues that, and we also don't argue that hospitals are strictly bricks and mortar. It's a health care continuum. That ain't the issue.

Where I have a problem with your comment about the tools, where the Ontario Hospital Association came to the Minister of Finance and said, "Give us all these tools" and you just opened up the tool chest and let all the tools they needed fly out, is that you are also the protector of certain principles within your health care sector. Governments previously had refused to give them those tools, both in the time of Mrs Caplan and the time of Mrs Grier and others, for a very good reason.

I won't get into debate at this point on this committee with regard to Bill 26, because it's not the time and place, but I would say you certainly gave them tools and I think we're going to see the effect of some of those tools on the machine of health care over the long run. Quite frankly, I think you threw a spanner into a couple of issues—but debate for another day.

Coming back to the question of the cuts over the next three years, you haven't done an impact study about what it means for services. The hospital association is telling you they can deal with it, that there's 4% fat. Is the 4% figure you used a little while ago the number the Timmins and District Hospital gave you, or is that the number the Ontario Hospital Association gave you when it came to fat?

**Hon Mr Wilson:** Timmins, while I was there, made a similar argument to the OHA; that is, they believed they could handle the reductions provided there was some encouragement to do further restructuring in the Cochrane district. I have no more to add to that. You can phone the chair and he will vouch for the fact that that was the conversation. In fact, the conversation was, "Could you

encourage us a little more to get together in the Cochrane district?" As you know, they want to be the hub of health care for that whole area. I said: "That's up to your local area. You know the transfer reductions that were announced in November, there's no surprises here"—

**Mr Bisson:** You're getting into a different part of the question here.

**Hon Mr Wilson:** —"and you do whatever you have to do to restructure."

**Mr Bisson:** Let me slow you down because we're going to come to that in a minute. The question I asked was that you made a comment a little while ago—

**Hon Mr Wilson:** That's the answer to the question you asked me.

**Mr Bisson:** No, no.

**Hon Mr Wilson:** It is.

**Mr Bisson:** No, no. I asked the question a little while ago, and I'm not sure who you were referring to, that "There's fat in the system."

**Hon Mr Wilson:** The 4% was Timmins.

**Mr Bisson:** Timmins told you that?

**Hon Mr Wilson:** You had said the sentence before: "My hospital got 4%, Timmins hospital." I said that 4%, we know, can be handled, provided the hospitals get together—

**Mr Bisson:** So you're telling me the Timmins and District Hospital board has told you they can absorb a 4% cut because that's the amount of fat in the system?

**Hon Mr Wilson:** They put it in the context of a system that needs to be better developed in the Cochrane district. They said it would be difficult for their hospital; that was their point. They said—

**Mr Bisson:** I think you'd better clarify your point.

**Hon Mr Wilson:** I'm doing the best I can. They said it would be difficult for their hospital. That was very clear. As they took me on the tour, every room we went into, they said, "This is going to be very difficult." I said: "You've known since November. What have you done?" In the private meeting, they said, "If we can get together better with the other hospitals in Cochrane district, we think we can handle this." If you're telling me otherwise, I guess you're telling me otherwise.

**Mr Bisson:** No, no. There are two issues here. The first issue is, how much fat is in the system? You're telling me the Timmins and District Hospital is telling you they can absorb a 4% cut within their hospital and not affect services, because presumably that 4% represents fat, the \$1.4 million.

**Hon Mr Wilson:** Well, the play on words. The fact of the matter is that I'm telling you what they told me, that they could handle that in the context of restructuring—

**Mr Bisson:** Without affecting services?

**Hon Mr Wilson:** —in the Cochrane district.

**Mr Bisson:** That's two different issues, though.

**Hon Mr Wilson:** There's no net loss of services. But that's not what they said. They said they can handle this in the context of—

**Mr Bisson:** Minister, with all due respect, you're mixing two issues together. If you're saying to me today that you're prepared as minister to work with the Cochrane district in regard to a system-wide hospital review that will result in a reduction of \$1.4 million in

those hospital budgets, the nine of them together, I am prepared to run back home and make the press release with you.

**Hon Mr Wilson:** Do you want me to take you back to the original announcement in November? You're distorting the entire announcement.

**Mr Bisson:** No, no. I'm not distorting any—

**Hon Mr Wilson:** The announcement was that each hospital would take its cut based on a new formula. Your own people said, "We'd like some help getting everybody to the table," and I said my preference would be—in fact, I think I used your name, saying you'd be screaming at me if I went up there and restructured from Toronto, as Mr Laughren, when I was up there, by the way, kept slamming at me. I had to remind him that I don't live in Toronto.

**Mr Bisson:** Sure I would. If I did it in your community, you'd scream too, wouldn't you?

**Hon Mr Wilson:** Exactly, so I don't know what your point is.

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**Mr Bisson:** That's not the issue. The point I'm getting at—

**Hon Mr Wilson:** I'll just withdraw from this conversation, since you seem to be having it with yourself.

**Mr Bisson:** No, no. I'm asking you a question and you as minister are going to try to respond as best you can.

You already answered my first question with regard to the 4%. I say to you that the \$1.4 million that you're withdrawing from the Timmins and District Hospital budget on its own is going to be a big difficulty for that institution to deal with. If you're saying you're prepared as the minister to look at that \$1.4 million and how we can reallocate services and budgets within the entire Cochrane district that's a different kettle of fish, and I would work with you on that.

I want to say this in a framework of trying not to take this into partisan politics. I, with you, want to work with our system of health care to make it better; nobody argues with you on that. The conversation I had with you in the House way back when, last fall, on the chronic care unit was the issue that the Timmins and District Hospital was making a decision to close its chronic care unit. It wasn't you making them do this by order. They were doing it because of the restrictions in budgets. They knew they weren't going to get new money to make up the \$1-million deficit they would have at the end of this budget year coming, so for them to take on the responsibilities and not be over budget, they were making that decision on their own. As I told you then, they don't like making it. I'm sure you don't like having them make that decision, and neither does the community, but people are responsible on that hospital board and they were going to do what was necessary.

The case I tried to make back then was that the Timmins and District Hospital is in a very different situation from a lot of hospitals across Ontario. They have not had an increase in their budget in over six years. We gave them one-time funding shots, I think in 1992 and 1993, so they had time to deal with certain issues, but they have not had an increase in their budget and they've had to move into a new institution. All that, in

addition to many more people utilizing the district hospital in Timmins with regard to referral services from the outlying areas, has put extreme pressures on that hospital. That hospital board has gone through hoops to try to work within the community in a positive context to live within its means and do things responsibly.

What I argued with you then was that I as the local member am not going to fight you as the Minister of Health. It would have been easy for me as the opposition member in Cochrane South to stand up and make all kinds of noises about the closure of chronic care and blame it on you, but I wasn't going to play politics with the health care system in my community. I said, "I will work with you because I too want to see the hospital work in a responsible way with the Ministry of Health."

But what I asked you at the time was that you look at the Timmins and District Hospital a little differently when it comes to reductions in the future because it doesn't have a lot of room for taking money out of its budget. I'm not saying they can't do things to make themselves even yet more efficient, but when you take out \$1.4 million at this point, it means they're getting into the bone. It's not just fat. What I'm saying is, I think you've got to view them a little differently.

You've got a couple of options. One option is that if you want to work with them and with us and with the district in a system-wide hospital review, there's some opportunity there to make the system more efficient, to make the system better respond to the needs of people in northeastern Ontario and—guess what?—at the same time meet your fiscal objectives of being able to reduce the overall amount of money you're spending in the hospital system. People aren't going to like it, but I think it's doable. But if you treat each hospital individually, as you're doing now, there's a big danger. What I'm asking you is, are you prepared to allow that process to happen, and not only to allow it but for your ministry to be directly involved, to do that little push that needs to be done for the outlying hospitals to get involved in the process?

**Hon Mr Wilson:** The short answer, Mr Bisson, is yes, we're prepared to do that around the province. If my ministry staff there encourage a restructuring study more than what we've seen to date, please don't get up in the question period and say we've interfered in the local study. The policy of the government is to allow local communities to get together. If they need some moral suasion, we're using the tool we have now, which is funding, to move forward on restructuring studies throughout the province. Yes, we would welcome movement by your hospitals to enter into the study. So I don't know—

**Mr Bisson:** Minister, in all fairness, I think if you talk to people within the ministry I dealt with over the last five years on the hospital issues in Timmins and northeastern Ontario, and you talk to the board, my view has always been we have to do this together because if somebody stands on the outside and starts yelling in and yelling out, it makes the process that much more difficult, but there has to be certain tenets to how that's done.

What I'm saying is, you have also a responsibility as the Minister of Health. But the problem I'm having right



now is that you're saying in isolation to the Timmins and District Hospital, "You must reduce your budget by \$1.4 million next year in order to meet your target."

What I'm telling you is, that \$1.4 million at TDH is a huge problem. I've talked to the board and I've talked to the administrator and they're saying: "Gilles, we don't know how we're going to do this. We don't want to fight the minister. We don't want to make a big spill over this because we've developed an attitude in the community of doing things positively. We're trying to figure out how best to do it, but it will affect services."

I have a concern about that, as you do. I'm asking you, rather than take that route, why don't we look at it from a district-wide perspective? In other words, it would mean to say, you would look at how much money you want to save overall in the district and do it through a district-wide review.

**Hon Mr Wilson:** I would certainly entertain an invitation from your area for my ministry to become more active in a system-wide study, but it has to be an invite from the local community because I think you said, you don't want us to go in and do it.

**Mr Bisson:** Oh, it has to be done by the community. It can't be done by you.

**Hon Mr Wilson:** But I can tell you that I couldn't agree more. It was pointed out by the people at the Timmins and District Hospital that there's certainly a need up there and my response at the time was, "Well, you certainly don't want us to come in and do it." I think you're making that clear now.

**Mr Bisson:** Okay.

**Hon Mr Wilson:** Could I ask your indulgence? The deputy does want to add one thing in terms of—

**Mr Bisson:** How much time do we have, because I notice the Chair is getting twitchy here?

**The Chair:** Exactly. Your time is up.

**Hon Mr Wilson:** Which you might find useful?

**The Chair:** I'll just have the deputy come in then—

**Mr Bisson:** Yes, because I've given time to others. Perhaps I can ask the Liberals to give me a few minutes just to get the response.

**Ms Mottershead:** I just wanted to let you know that even though there haven't been any increases to the hospital's budget, it is one of the few and rare hospitals in the province that is not funding laboratory services from its global budget. They're being done by the Ministry of Health lab. That has got a monetary value. That's all I wanted to put on the record.

**Mr Bisson:** Apparently they want to privatize that as well. That's not your decision. That's the hospital.

**Mrs Caplan:** They couldn't get a better deal than having the ministry pay for it, no matter who does it.

**Interjection:** That's right.

**Mrs Caplan:** Tell them. Show him the Hansards.

**The Chair:** Ms Caplan, if you've got something, we will deal with it now.

**Mrs Caplan:** I have some very serious questions for the minister about mental health services. Can you give us the number of the reduction in mental health program spending over the NDP administration, the actual reduction in mental health spending in the province? Do you know the number?

**Hon Mr Wilson:** Given that it was the NDP's time, I'd have to defer to the deputy.

**Mrs Caplan:** These are their estimates. I just thought you might have the number handy.

**Hon Mr Wilson:** I know we've not made any cuts to the mental health envelope and we've preserved the \$20-million community investment fund. But you're right, I think the previous government took some away, it was my understanding, and then created the fund.

**Mrs Caplan:** I was curious what the reduction was and I wanted to know if you would make a commitment that there would not be any further reductions to either community mental health or psych hospitals, that if there are any changes in the psych hospitals, that dollar for dollar there would be investment in community mental health services. I have no problem with the shift, Jim.

**Hon Mr Wilson:** Ms Caplan, your questions are always a little too narrow. You never leave me any opportunity but to—

**Mr Bisson:** Oh, come on.

**Hon Mr Wilson:** Well, dollar for dollar is the catch-word. I've been in this game 13 years.

**Mr Bisson:** Come on. Just look at the Hansards when you were in opposition.

**Hon Mr Wilson:** I didn't—

**Mr Bisson:** Come on, Jim.

**Hon Mr Wilson:** Okay, fine. I'm not going to answer your questions.

**Mr Bisson:** Geez, you used to go so apoplectic in the House.

**The Chair:** Let the minister comment.

**Hon Mr Wilson:** I recall your minister not even showing up to estimates. I'm sorry I had to leave for two hours, but I recall Lankin not even being here for a whole day.

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**Mrs Caplan:** Seriously, this is a very serious question.

**Hon Mr Wilson:** I know it's a serious question. But you have a tendency to try and mask things as serious and earnest—

**Mrs Caplan:** It is.

**Hon Mr Wilson:** —and then come back with little things like dollar for dollar.

**Mr Bisson:** You used to go apoplectic in the House. Come on, Jim.

**Hon Mr Wilson:** I never said "dollar for dollar" in committee; that was one speech Ruth gave, for God's sake, through this whole bloody restructuring—totally irresponsible because of the words she used.

**The Chair:** Order. Estimates are quite trying things, so let's proceed.

**Mrs Caplan:** To repeat the question, do you know what the reduction in spending was over the NDP's term?

**Hon Mr Wilson:** We're just trying to figure that out.

**Mrs Caplan:** Okay, we can wait for the answer.

The second question is, are you committing to ensuring that there are no further cuts in any mental health programs in the province?

**Hon Mr Wilson:** On the community mental health side, yes, we are looking at, through the community investment fund—which, by the way, we had to find that money; nice announcement—that's a net increase to

community mental health. Those projects are being reviewed now, and I expect there will be some announcements in the communities in the near future.

**Mrs Caplan:** Given the fact that you went ballistic when I said "dollar for dollar," I will not phrase the question that way.

**Hon Mr Wilson:** Because you tied it to the psych hospitals.

**Mrs Caplan:** The question that I have is, what amount of money are you going to be transferring to community mental health programs from the closure of psychiatric beds in the public hospitals or in the provincial psych hospitals? It's easy for you to say that whatever it is, it's going to be dollar for dollar; if it's not, what's it going to be?

**Hon Mr Wilson:** The measurement is not the money; the measurement is, will there be gaps in services? We've committed to not close any more psych beds in this province until we ensure community-based services. Community-based services are essentially cheaper than institutional services, right? So dollar for dollar doesn't make sense. Dollar for dollar doesn't make sense in hospital restructuring necessarily, and in psych hospitals it's the same.

**Mrs Caplan:** What I've suggested on hospital restructuring, my personal view, is that communities should share, like 50-50, where they see needs in the community.

**Hon Mr Wilson:** But you would admit, Mrs Caplan, that's an arbitrary figure.

**Mrs Caplan:** I agree, but that it is share, and it is an incentive to communities, I think, to then do it themselves and do it appropriately, and they have the incentive because they know what the needs are. In mental health, while I'll agree with you, and I do agree that you can provide community mental health services more cost-effectively, there is a need for expansion. I believe that dollar for dollar would not be unreasonable. But if that's too rich for your blood—

**Hon Mr Wilson:** Well, in fact, right now we're ahead of it. We've not done anything on the psych side, and we have \$20 million. So we're ahead dollar for dollar. We're, like, zero for \$20 million.

**Mrs Caplan:** Not exactly.

**Hon Mr Wilson:** No, we are. From my administration, we are. I found that money, because it wasn't totally accounted for, in my opinion, so I'm ahead of the game. I'm ahead of dollar for dollar; I'm zero for \$20 million. I'm trying to make sure, because both you and I were very vocal and I think quite correct that we were starting to see gaps in services and worried about it, and it was one of the first things I did coming to office. I think we all have these sort of problems in our own families and that. I'm very much aware first hand of the need for mental health services. So we put a sort of moratorium on bed closures and said we'll get the community investment fund and those community services up and running before we do anything more on the bed side. That's the commitment of the government.

**Mrs Caplan:** I'm pleased that's on the record. That's the reason I asked for that. I am concerned, because we have seen gaps. I think the communities need to know that mental health reform is going forward and that there

will be significant dollars available for the community services and that they will be in place before there's any reduction in either provincial psych hospitals or community hospitals.

I am concerned, because I have a letter dated January 23, 1996, from your deputy to the administrators of the schedule 1 facilities, the chiefs of psychiatry, which suggests that there could be reductions. This is the paragraph; it says, "If the hospital's programs and services need to be reduced because of financial pressures, the resulting reduction to psychiatry is not to be of a greater proportion than that experienced by other services in the hospital."

After listening to your assurances that your intention is not to reduce services, this letter seems to contemplate reduction in all kinds of services and what it's saying is, if you're going to make reductions, the psychiatric services should be in the same proportion as other reductions. Frankly, Minister, that's not protection of service, in my definition.

**Hon Mr Wilson:** But, Mrs Caplan, in all fairness, it's in the overall context of health care services to people in that community and you've asked that there be no net reduction of health care services in the community, and restructuring is designed to improve services, not take them away.

You may see services move out of the hospital, which is what the deputy's referring to—Bill 26 allows us to set up independent health facilities where a hospital may disappear, but the services still need to be provided—some services need to be provided. The programs may go down the street to the hospital down the street, other programs may stay onsite—the Metro Toronto report's a good example of how that might occur—and so, while we don't want to see a net reduction, we don't want hospitals with this first round of expenditure reductions to do what they tried to do under the NDP government and that's get rid of those high-cost beds or the hard-to-serve beds, which are the site beds.

The deputy has tried through that memo, which I've cited at least four times today, to say, "Look, you're not going to get away with shedding your site beds, as part of your meeting the reduction, and if, as part of overall community services, you are reducing some services in the hospital, you're not to, once again, treat site services differently." They're always the poor cousin; at least, that's what it appears, that they're treated as the poor cousin. The memo is designed to ensure that doesn't happen, as it has happened in the past. I know the deputy wrote the memo, she may want to add to it.

**Ms Mottershead:** Can I just make a comment on that, because we had a number of discussions with administrators, and what they were cautioning us is that, even in the area of mental health, there are improvements and efficiencies that could be made, for example, moving from having people in the bed to more day programs and that kind of thing. The language in that was intended to accommodate that you could shift some if you had to deal with a different way of delivering service.

Your point's well taken, because some folks, lots of them, have come back to us to say, "The language isn't strong enough," and I intend to do a follow-up memo that



will make it much stronger, to convey the government's commitment to full protection.

**Hon Mr Wilson:** In fairness, I thought protected services in that memo, when I read the memo, but you're both right in terms that people are interpreting it. They're trying to drive a truck through it, and that's not the intention of the memo.

**Mrs Caplan:** Good, because this is the opportunity to clarify it, put it on the record and then, I think it's very important that you be very clear. What I'd like to know is what are your protected programs and which are the programs, if any, that you do not consider protected programs? What's going to happen to those non-protected programs?

I'll give you one example: I had a call from someone who said: "We've been told that the hospital is considering closing or cutting an eating disorders program. What do we do about that? Is it possible?"—they wanted to know, because that program could be provided, it doesn't require the hospital base. Sometimes it needs an inpatient component to it, but very often, as long as there was an affiliation, that's a program that could be provided in an independent health facility. But there's no process in place for people who are experiencing that to have a place where they can go to say: "This service is going to be cut. It's an important service in the community. What do we do?" These decisions are being made arbitrarily and there's nowhere that this is considered a protected program.

**Hon Mr Wilson:** I would disagree in terms of—this all has to go through the local DHC. The DHC is to set priorities and tell us what the protected programs are for their area. It varies from place to place in the province, as you know.

I don't have any mental health up in my area, but we rely on Newmarket to keep some of their schedule 1 site beds to serve the people of Simcoe county. But in my part of Simcoe county per se, we don't have any beds to protect. Alliston and Collingwood don't have site beds. But we would consider it a protected program as per that memo in Newmarket, because that's where the natural flow is of psychiatric patients or emergency admissions usually. It depends on the area and we rely very much on the DHCs to tell us what the priorities are of their areas.

**Mrs Caplan:** What advice do you give to those who see services being cut before the DHCs decide what is a protected program? The reason they're being cut is because you've sent them out a budget that's 5% less than it was last year or 6%—I don't want to identify any particular hospital, but they're cutting programs, Minister. They are cutting services, they are cutting needed services and the DHC has no say in this.

**Hon Mr Wilson:** No, the DHC does have some say in it. As you know, it's a to and fro from the hospitals, sometimes the hospitals don't like that, but it's a to and fro.

**Mrs Caplan:** As I understand it, the hospital does not require DHC approval.

**Hon Mr Wilson:** And we will ask, as we're doing in government and as we're doing in all areas of health care, we'll expect the DHCs to set the priorities for their

local areas. We can't be all things to all people in every area, and you know that, and we're not today.

**Mrs Caplan:** Now, if a program is being cut, and there's been no process—they're just doing it because they've got to meet their budget targets—is there an appeal process? Should they call the DHC? Should they call the ministry? Should they call me? What should they do?

**Hon Mr Wilson:** Well, preferably through the DHC and in fact, if it was brought to your attention and then brought to my attention, or directly brought to my attention, we would refer the matter back to the DHC and ask for their advice.

**Mrs Caplan:** Have you designated someone in your office they could call?

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**Hon Mr Wilson:** Sure, the MPP liaison. We have all kinds of case workers who deal with this sort of thing. We hear about it.

**Mrs Caplan:** Because I think that service cuts and program cuts are going to be a reality. They're going to happen, they're going to happen quickly, and you need to know about them so that you can intervene.

**Hon Mr Wilson:** Again, though, we expect communities to give us the best advice on setting the priorities for health care in their communities, and I can't say it in any stronger way. I think if we do it from the top down, to go back to your first question today, we'd be accused of centralized, authoritative dictatorship, and that is not the direction we're moving in. I'm doing everything I can to rely very much on our partners in the local community.

**Mrs Caplan:** The point I'm making, and I agree we do not want to see the Ministry of Health trying to micromanage, is the concern I have is that you have the power to do that, but on the effect of the—

**Hon Mr Wilson:** Sure, in an area.

**Mrs Caplan:**—significant cuts to the hospitals, you have a responsibility to protect essential programs, and if the hospitals are not following appropriate procedure, you need to know about that so you can send out a strongly worded letter or have your deputy give them a phone call.

**Hon Mr Wilson:** Sure, and I think the psych one is a good one. We have a responsibility to look at it province-wide, clearly. We felt on this one it was important to warn hospitals not to cut those beds as an easy way out to meeting your reduction targets.

**Mrs Caplan:** Are there any other programs you've identified?

**Hon Mr Wilson:** Certainly, in some areas we've just beefed up cardiac services. We wouldn't expect them to be going behind our—

**Mrs Caplan:** But that isn't a provincial program.

**Hon Mr Wilson:** Well, it is now. I had to fund it on a provincial program basis.

**Mrs Caplan:** Right. It is a provincial program.

**Hon Mr Wilson:** Dialysis, anything we've just started up, I wouldn't expect them to go behind our back and take that new money and apply it towards reductions.

**Mrs Caplan:** Have you told them that?

**Hon Mr Wilson:** Yes, we have. As you know from having been minister for three years, the to and fro from

district health councils is pretty good, and we hear from a number of them on a weekly basis, as they ask for advice from the ministry on how to handle some of these questions also.

**Mrs Caplan:** Are you monitoring the service in communities? What's the mechanism within the ministry for doing that?

**Hon Mr Wilson:** It's the district health councils. Sometimes it's the MPPs flagging something to us. As you know, we still have the process in place to review the operating plans of hospitals to make sure they're not pulling the wool over our eyes, but I don't have any cases.

I remember reading, when the NDP—about them sending back some operating plans with respect to psych beds, and I think the deputy headed it off this time, I hope, and as you've pointed out, maybe not strongly enough, so we'll take another round to make sure it doesn't happen. I'm not aware of any real problems yet, but we'll monitor it and I'm sure you'll bring it to our attention and MPPs will bring it to our attention, and district health councils will be asked to set those priorities.

**Mr John C. Cleary (Cornwall):** Changing a little bit, I've been asked by the customs and immigration officers why Americans coming into Ontario—it used to be the policy that they were able to pick up their illegal OHIP cards and mail them back to OHIP. I want to know why this policy was stopped.

**Hon Mr Wilson:** If anyone has an illegal OHIP card, we'd appreciate having it mailed back. The law is clear that if you know of fraud one is to report it, and that would be a form of fraud, an illegal OHIP card. Perhaps you could clarify it for me, Mr Cleary.

**Mr Cleary:** They've told me that policy was stopped almost a year ago now.

**Hon Mr Wilson:** Well, I don't know. If people know of fraud, the 1-800 lines are still up, our fraud lines. They can call that. They should approach their MPP. If you get a card, the law is clear, from an NDP amendment to the law, that anyone knowing of fraud must report it. Fraud is a criminal matter under the Criminal Code, so they could hand the cards in to the local police station also. As customs and immigration officers, they should understand that they are peace officers under the law of Canada and that they have an obligation to send those cards back to the general manager of OHIP. The law is very clear.

If they can't handle that, tell them to send them to the local OPP. Fraud is fraud. If they're wondering whether somebody has a card who shouldn't have a card, if they collect as much information as possible, the general manager of OHIP, I think, and the OPP might be quite interested in that also. If there's something out there that is wrong, we want to know about it. There has been no change of policy. In fact, the previous government made some measures to try and crack down on fraud after Elinor, I and Barbara got after them a few times.

**Mrs Caplan:** Did you order the new computer yet?

**Hon Mr Wilson:** I'm working on it. Could we do that tomorrow?

**Mr Cleary:** Under the drug plan, the delisted drugs, not a lot but some of my constituents and some people in

Ontario tell me they cannot get the drugs they need and have been into our office a number of times. I was asked just recently that if the doctor gives them a letter that there's no substitute available, will they cover the former drug they were taking?

**Hon Mr Wilson:** If it's a drug on the Ontario drug benefit plan—

**Mr Cleary:** No, they're ones that were taken off.

**Hon Mr Wilson:** Okay. If it's not covered, it's not covered. We hope to be able to cover more drugs in the future as a result of the copayments we've introduced.

**Mrs Caplan:** Oh, come on. That's going to the deficit. Show me where that—I had this debate with your deputy. Where is the \$225 million savings in the Health estimates?

**Hon Mr Wilson:** It will be next year. It's exactly budgeted for in terms of that's the saving; \$45 million of that's already committed to be reinvested in the 140-person expansion of the Trillium drug plan, and it will be part of the 17—

**Mrs Caplan:** In the economic statement from Ernie Eves that went right to the bottom line on the deficit.

**Hon Mr Wilson:** Not really.

**Mrs Caplan:** Really.

**Hon Mr Wilson:** It's part of the money we'll spend on drugs in the future. I'm sorry. Yes, I see. It's not like 17.4 plus 225. That's your point.

**Mrs Caplan:** Right. That's my question.

**Hon Mr Wilson:** Okay. Our commitment was to keep it at 17.4. You tell me—

**Mrs Caplan:** So where is this new revenue for drugs going to result in that? That is still misleading, Jim.

**Hon Mr Wilson:** But the almost \$1-billion hit I'm getting in a few weeks from Mr Martin, where does that show up? You know where it shows up?

**Mrs Caplan:** In your Common Sense Revolution you said you had taken that into consideration.

**Hon Mr Wilson:** It shows up in all of the cuts we've had to make in order to preserve the health care budget.

**Mrs Caplan:** You said you took that into consideration. That's baloney.

**Hon Mr Wilson:** So if Mr Martin wants to take some of the credit for the cuts—

**The Chair:** Let's have some order.

**Mrs Caplan:** You said that was in your estimates.

**Hon Mr Wilson:** —that have had to go to Education, that have had to go to Agriculture, that have had to go to other ministries—

**Mrs Caplan:** Baloney.

**The Chair:** Order.

**Hon Mr Wilson:** That's it.

**Mrs Caplan:** In the Common Sense Revolution you said—

**Hon Mr Wilson:** You can't have it both ways, Elinor.

**Mrs Caplan:** You said, "We took all of that into consideration." That's the post-Martin budget document.

**The Chair:** I think Mr Cleary had—

**Mrs Caplan:** Don't give us that crap.

**The Chair:** Order.

**Hon Mr Wilson:** The fact of the matter is when it happens and you have to preserve budgets, we also take into consideration the cuts outside of health care, and



that's what we're doing and you're complaining about those.

**The Chair:** Mr Bisson, you're on.

**Hon Mr Wilson:** You can't have it both ways.

**The Chair:** Order.

**Mrs Caplan:** You can't say that the dollars are going when you're holding it at 17.4. That's misleading.

**The Chair:** Order.

**Hon Mr Wilson:** The fact of the matter is—

**The Chair:** May I get some order, please?

**Mrs Caplan:** Come on.

**Hon Mr Wilson:** The fact of the matter is it's part and parcel—

**The Chair:** It's late in the day—

**Hon Mr Wilson:** —of the package to keep that program affordable and sustainable.

**The Chair:** Minister, may I just get some order, please. Mr Bisson.

**Mr Cleary:** In other words, you're cutting me off.

**The Chair:** Yes.

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**Mr Bisson:** Before we proceed, Mr Chair, I believe we have an all-party agreement that we were to go on till 6 o'clock tonight and from 9 to 12 tomorrow, in order to complete the Health estimates. That is what I think the government caucus has agreed to. They would give up basically an hour of their time and we would finish just after this rotation and come back tomorrow 9 to 12, so basically we're out of here by 5, if everybody is agreeable, or just shortly after 5.

**The Chair:** Let me see if I get the understanding. You're saying that there is an agreement—

**Mr Bisson:** Once I'm finished my rotation.

**The Chair:** Let me just see if I get this. There is an agreement to end at 5 and—

**Mr Bisson:** After my rotation, whenever that happens.

**The Chair:** It's the agreement to end off with this 20 minutes which is the NDP time.

**Mr Bisson:** That's correct.

**The Chair:** You have given up your time, the Liberals have given up their time—

**Mr Bisson:** No, they take—

**The Chair:** We're going to end at 5.

**Mr Bisson:** That's right. Okay.

**The Chair:** Let me just complete. If you end after your 20 minutes, it will be one rotation here with the Conservatives and one rotation with the Liberals. Is it my understanding that both parties are giving up their time to end after your 20 minutes, start tomorrow at 9 and end at 12, but ending at 12 tomorrow, and you're talking about the Health estimates?

**Mr Bisson:** We would deem to have them completed, because we're scheduled to finish—

**The Chair:** It's all right. I don't want to confuse it any more.

**Mr Bisson:** Well, you're doing it.

**The Chair:** Is that the understanding we have? Okay. We'll do that. Mr Bisson, you've got 20 minutes and then we just finish at that time, and tomorrow 9 to 12, and we'll deem the time for estimates has been completed at 12 o'clock tomorrow.

**Mr Bisson:** Just in fairness, I think the minister wants to add something here.

**The Chair:** In regard to the estimates?

**Mr Bisson:** It's on my time.

**Hon Mr Wilson:** I think Mr Cleary has a point here about drugs. I didn't answer the "no substitution" because "no substitution" really refers to something that is on the formulary. If you have something, a specific drug or something we should be looking at, I'd be happy to do that, in fairness, because I know—250 drugs were delisted, so if you go into a seniors' hall now and you say, "Do you want to do copayment or do you want us to do 100% delisting?" believe me, the hands go up, or if you go into a seniors' hall now and say, "Are you paying 100% for a drug this year that you weren't paying for last year?" you'll get quite a few hands, and that's probably what your question is.

You may disagree with our copayment scheme, but the fact of the matter is it is used to keep that program affordable and sustainable. Having set Mr Bisson up for that, I'm going to pay for it, I know.

**Mr Bisson:** I'll try to be nice because I'm always a cooperative type when it comes to health care.

*Interjection.*

**Mr Bisson:** Well, no. I've got to say I don't combat here when we come in on health care estimates. I think health care is an issue that goes beyond political boundaries. I think we all have a stake, as we're both citizens and we're legislators and we're trying to do the right thing here, so let's—I'm trying to be civil here. If you were Al Leach and you were here for Housing, that would be a different question.

Just a point of clarification: The estimates committee in regard to Health was supposed to finish at 12 tomorrow, right?

**The Chair:** Yes.

**Mr Bisson:** Okay. I just wanted to make sure I was clear there.

I'm not going to get into the ODB thing at this point. I hate to go back to this again, but I need to, because I want to make sure that you clearly understand what it is I'm saying, and I'm trying to do this in a positive way.

As you know, the Timmins and District Hospital has gone through an enormous amount of change over the last six years, both in the restructuring of their hospital from three different sites to one, to the startup of the new Timmins and District Hospital, which has different operating structures in regard to building maintenance, in regard to heat and hydro and a whole bunch of other issues. There is the whole issue of more people utilizing the hospital from throughout the district, because we now have services in that hospital, thanks in part to work we did as a government and you did as a government in regard to more specialists and more equipment to be able to utilize the hospital more fully, and all of that has added to the pressures on the budget of the Timmins and District Hospital. So that sets up the first part.

In the last six years, under Elinor Caplan's government, the Liberal government, under our government and under yours, there has not been an increase to the base budget of the Timmins and District Hospital. What I'm saying to you is that in working from the government

side of the House on the issue of the Timmins and District Hospital, I want to carry on the work I did there and do it in opposition and try to take a positive role rather than fighting with the ministry or fighting with the hospital. I don't think that gets us anywhere.

Realizing that the Timmins and District Hospital, its board and its administration and staff have done an extreme amount of work to make that facility much more efficient than it was six years ago, I can sit here and list for the next 20 minutes what it is they have done, but you're aware of it as minister, because I'm sure you get briefing notes on it, everything from how we run the hospital to the amount of beds in the hospital to the closing of the chronic care facility, moving it into the Timmins and District Hospital, the dialysis unit being moved into Timmins and District. There's all kinds of work that has been done.

They, in their work, have always told me as a board and as an administration, that the problem they have is there is not a lot of fat left on the bone. In fact, I think some would argue, not all, that there isn't any fat left on the bone. When they made the decision to fold the chronic care unit from South Porcupine into Timmins, the message they asked me to take to you and that they passed on to your subordinates within the Ministry of Health was: "We're doing this in order to keep to our commitment to be a responsible board and administration and staff. We are going to fold this in so that we can keep ourselves on budget. But when you make your decisions about future budget cuts, we ask you to take all that into consideration so that we are not severely affected, because if we take another hit"—at the time they were telling me if they get another hit of \$1 million they are going to have some problems trying to find those savings within the existing structure without losing services.

To be positive here, not to try to get into a fight with you, what I am asking is, would you as the Minister of Health be prepared to entertain the suggestion that, rather than the Timmins and District Hospital being affected like all other hospitals in the province over the next three years and losing \$1.4 million this upcoming year, another probably \$1 million-plus in the next two years after, rather than doing that, through our Cochrane District Health Council and with the hospitals we look at finding a way of doing a system-wide review of how we're able to achieve savings and look at the services and how we offer them throughout our district so that we don't severely limit the ability of the Timmins and District Hospital to function? That's the question.

**Hon Mr Wilson:** I appreciate that. In the dialysis and chronic services that were located at South Porcupine, the 4% is towards acute care services, so let's call that the main Timmins hospital. I will undertake tonight to review this as soon as we go back to the office because it has been brought to my attention by you in the past and I guess we haven't given you a good enough answer. I might be wrong, but I'm not aware of us taking away the dollars at the chronic—

**Mr Bisson:** No, you didn't.

**Hon Mr Wilson:** So they should have saved money, theoretically.

**Mr Bisson:** They did.

**Hon Mr Wilson:** Right. So it was a benefit to move South Porcupine.

**Mr Bisson:** It was a benefit—

**Hon Mr Wilson:** By the way, I went to South Porcupine also so I'd know where it was.

**Mr Bisson:** Just to back up so you'll clearly understand what happened, they were facing for next year another—

**Hon Mr Wilson:** They should have been ahead, though.

**Mr Bisson:** They had a balanced budget last year, okay? With the social contract coming off this year, in April 1995, and other pressures that they have in regard to increased costs through inflation and everything else, they were facing a budget of around \$1 million for next year. So what they did in order to not be in a deficit—

**Hon Mr Wilson:** Sorry, a deficit at that time?

**Mr Bisson:** They were facing a deficit for this upcoming year because of the situation, the items that I told you. So they made a number of decisions within the hospital that were not popular decisions in my community, but it was none the less communicated I think fairly effectively as to what the options were: to transfer the chronic care unit and dialysis unit over to the Timmins and District Hospital. That resulted in about a \$700,000 saving. So that's not money that you took away from them; that's just them trying to make up the difference they would have next year to keep on target; plus the remainder, that would be the deficit.

They found other things that they can do, which means to say quite frankly they had to affect some services. There's a whole discussion about what's going to happen to laboratory services, some staffing issues in regard to maintenance, some staffing issues in regard to the wards in the hospital. Some of those decisions had to be made in regard to finding the rest of the money they needed. What the hospital told me at the time and what they're still telling me today is that if they were not to have another hit, they'd have a balanced budget for next year because of everything they did and everything they've done over the last five years. But to do another \$1.4 million now really is going to severely limit their ability to function as a district hospital, because we are the referral centre, as Sudbury is in northeastern Ontario, for our area.

I understand the politics of system-wide review. We can come to that later because that's a very difficult issue to deal with, and I very well understand maybe your reluctance to get into that because politically it's a bit of a hot potato. But the problem we now have is that we're looking at, over the next three years, reductions in budget at the TDH, and by doing that, both the board and the administrator are telling me that is going to have an effect on their services, and the problem we've got, if we limit their ability to provide services to the district, is that people in the district will be referred outwards towards Sudbury and Toronto, which will again impact on their overall situation.

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What I'm asking you to do is to recognize, because I think you understand this—I'm not doing this malicious—



ly; I want to work with you on this because I think we all have a stake in it—could we, rather than saying we're going to do this \$1.4 million and let the chips fall where they may, take a different approach, where we get our district health council involved with the other hospitals? There are good examples of what's already happening in the district of Iroquois Falls, Cochrane and Matheson with Danny O'Mara and others. Could we look at how we can do a system-wide review that looks at the overall budget within that area, what services are being provided and how we can best deliver the services to our communities through a sort of district-wide model? I realize we'd be a bit ahead of the pack on this, but I think our district can do it.

I think we've got very competent boards, very competent administrators and a member who's willing to do it with you, who isn't going to fight with you. I think the communities would be prepared, not without some difficulty, to take a look at that.

**Hon Mr Wilson:** In fairness, though, the problems, the difficulties and the concerns you express are very common to many hospitals in the province. What the 4% is directed towards is acute care services, a particular range of services that was measured at all hospitals. What we're doing hopefully in a couple of weeks, the JPPC is sending a manual saying, "You can do better for less in that service, in this field of services, and by the way, if you don't know how, very politely, here's how." That's what they're doing with all hospitals.

Maybe we can look at it in a positive way, as the OHA has, from what I've heard: bringing everybody up to an efficiency standard. We're not leaving them in the lurch. We're telling them how to do better with less, and that's this year. Next year, I think you'll agree, is very much tied to restructuring. Your hospitals will have to get together whether my ministry or the government gets involved, whether you continue to lead it there or whatever, and they realize that. When I talked to them in Timmins they said, "There's no way in year two we'll ever survive this." I said, "You'll have to do a system-wide approach."

We will be sensitive because your distances there are tremendous between institutions, and sharing facilities is not like downtown Toronto, where you're literally within spitting distance, sometimes, of the hospital next door. So we'll be sensitive to that and again, your district health council, which I was very impressed with, by the way, will take the lead. I guess if it's all impossible they'll tell us it's impossible, but we also reserve the right, through the JPPC, to say: "Don't tell us it's impossible right up front. Here's a way that is possible. Here's what other hospitals are doing. Maybe you should try these techniques and treatment approaches."

**Mr Bisson:** So what you're saying is that for this cut that's coming this year, the \$1.4 million one for the Timmins and District Hospital, you're going to make some suggestions through the manuals that you'll provide about how they can be more efficient. That's the plan.

**Hon Mr Wilson:** That is the approach we're taking. You'll be the first to tell me that it's working or not working.

**Mr Bisson:** I recognize that. There's some validity to that. Then you're saying your feeling is that in the following years the overall cuts to all the different hospitals in the district will precipitate the discussion between hospitals to share services, to find better ways of doing things etc, and if the district health council was to come back to those hospitals and say, "Here, we have a different way of doing things," you would be amenable to working with them in order to achieve those ends.

**Hon Mr Wilson:** Yes.

**Mr Bisson:** Okay. I congratulate you. That's positive. Now let's say, and this is just a for instance, in year one they get that manual from you and they're to target \$1.4 million, they find they can come up with \$800,000 and they've got a \$600,000 shortfall and say, "Listen, if we've got to go after this, it really means at this point there is this, that or other services that would be in jeopardy." Are you prepared to do what we did as a government and say, "All right, we recognize there's some ongoing restructuring here; we will give you one-time funding for this year to make up your shortfall"? We did that I believe at least twice in the past in order to deal with it as they went through restructuring.

I recognize you have pressures as a minister and I know that you have to play ball with the rest of your cabinet colleagues when it comes to overall budget constraints, but are you prepared, if they've done what they could do and the rest of it is reliant on the district and the health council and the hospital working together, to buy them the time they need to get there before we lose the service?

**Hon Mr Wilson:** We'll be as reasonable as we can. It's cast in stone, the 4% this year, though. As you said, we need that money. Every one of your other colleagues, Windsor, for example, which Mr Cooke was at me this morning on—we need the money to reinvest in kick-starting these restructurings so we can get the mass of dollars out to build up the community services. Now, we've all given speeches about this over the years. It's just that when you actually move, it's difficult stuff.

But the 4%, I don't want to mislead you, is cast in stone. We will work, I hope we're working now with your area, through the district health council, to address that, obviously, and I'm assured that we're sending out through the JPPC some recommendations of how to meet that. Then we have 12 months to move forward and address the next round which I think we're agreeing should be a system-wide approach in the Cochrane district.

**Mr Bisson:** But if I came to you, let's say six months from now, with a recommendation from both the hospital board and the district health council that said, "TDH, if they have to get this other \$600,000—which is to say whatever service is going to be affected—are you prepared to give them the one-time funding in order to give them the opportunity to carry on with the rest of that process?" We've done that before. It's not impossible.

**Hon Mr Wilson:** You know the 4% doesn't come out April 1—"Write us a cheque for 4%"—it's out over the monthly payments.

**Mr Bisson:** I recognize that. It's overall.

**Hon Mr Wilson:** There is time there to work. I guess if you come back and say it's impossible, we'd have to have a discussion, but we might be pointing to some other areas that have achieved it under equally difficult circumstances and say it wasn't impossible in other areas. But my door is open to you and if it's impossible, it's impossible. That's not what I heard out there. I heard it's going to be difficult; a system-wide approach would be preferred.

**Mr Bisson:** It is difficult. Yes, I agree. It is, there's no question, and I won't be a popular opposition member in advocating a system-wide review. I recognize that, but I also recognize that I have a responsibility to my community.

**Hon Mr Wilson:** You're probably in for life, Gilles. I don't recall us winning too many seats in the last 10 years.

**Mr Bisson:** I came back at 60% this time.

Just a last point; I want to add one thing.

**Hon Mr Wilson:** It's because of all the special deals you made with your hospital, for God's sake. It's thrown the rest of the system out of kilter.

**The Chair:** You seem to be doing well with the minister now, but you've only got about a minute.

**Mr Bisson:** I'm going to use that minute just to say this: I want you to recognize that the problem we have with the Timmins and District Hospital, like other hospitals in the north, is that if we shut down a particular service because we don't the money to fund it, for example some services of internal medicine or whatever it might be, it is very difficult, if you don't have the money and you lose that specialist, to get him back.

In some cases it's very difficult to keep the confidence that you need to have northerners use their hospitals. I'm sure you don't want to have a health care system that says you are forced, as a person living in northern Ontario, to only use the TDH. We have to have people use the hospital system and the services in a way that shows confidence in their system. That's a problem I've got, that once you lose services, it is very difficult to get people to use them again and to get the specialists back.

**The Chair:** It now being almost 6 of the clock, we stand adjourned until 9 o'clock tomorrow.

*The committee adjourned at 1759.*









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Wettlaufer, Wayne (Kitchener PC)

*\*In attendance / présents*

### **Substitutions present / Membres remplaçants présents:**

Caplan, Elinor (Oriole L) for Mr Michael Brown

Cooke, David S. (Windsor-Riverside ND) for Mr Martin

**Clerks pro tem / Greffiers par intérim:** Douglas Arnott, Deborah Deller

**Staff / Personnel:** Steve Poelking, Lewis Yeager, research officers, Legislative Research Service



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## Assemblée législative de l'Ontario

Première session, 36<sup>e</sup> législature

# Official Report of Debates (Hansard)

Friday 8 March 1996

# Journal des débats (Hansard)

Vendredi 8 mars 1996

**Standing committee on  
estimates**

**Comité permanent des  
budgets des dépenses**

Ministry of Health

Ministre de la Santé

Ministry of Economic  
Development and Trade

Ministère du Développement  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATESCOMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Friday 8 March 1996

Vendredi 8 mars 1996

*The committee met at 0910 in committee room 1.*

## MINISTRY OF HEALTH

**The Chair (Mr Alvin Curling):** We will commence with the estimates for the Ministry of Health. Yesterday we had reached the rotation, I think it will be the Liberals now. Just as a comment, it was agreed that at midday today we will conclude the Ministry of Health estimates and at 1:30 we will start with estimates for the other ministry.

**Mrs Elinor Caplan (Orlione):** This morning, as we begin, there are a number of issues I'd like to raise, and I'd like to know how many rounds you anticipate, Mr Chairman; in other words, how much time will I have and will we have. How many rounds do you think we'll have?

**The Chair:** I could tell you later on, but you have 20 minutes now. I think it's three.

**Mrs Caplan:** Three rounds? Good.

I would like to spend a few minutes on the issue of the cost of new user fees, particularly on the poor or those who have already had welfare rates cut and those who will be subject to the new user fee for drugs under the Ontario drug benefit plan. We have heard very clearly that mental health patients who have compliance problems will be experiencing extreme difficulty, and we heard a suggestion that there was a proposal that was going to ensure there was no hardship for those people who will be facing the \$2 user fee for the Ontario drug plan.

I don't want to get into "You promised no new user fees" and the whole thing in the Common Sense Revolution. We've gone through that. What I want to know is, what are you going to have in place to make sure that mental health patients as identified by the Ontario and Canadian mental health associations will not be having to pay the \$2 copayment?

I'm going to deal with the groups individually, because I do know that there has been some suggestion that not all the drugstores are going to be charging the user fee, but there's no guarantee that there will be universal application of that relief, particularly for those with compliance problems and those who have had welfare reductions of 21.6% and those who are really living on the edge where it becomes a choice of either taking their drugs or buying food for their children.

I think this is a serious issue so I'd ask that you tell us what plans you have in place to make sure that the \$2 user fee will not hurt those who are most disadvantaged in our society.

**Hon Jim Wilson (Minister of Health):** It's a good question. Perhaps I should just give some statistics and then answer the question. Under the new copayment plan

for the Ontario drug benefit plan we expect that about 380,000 low-income seniors will pay about \$2 per prescription below the GIC.

**Mrs Caplan:** You are saying 380,000?

**Hon Mr Wilson:** Yes, will only pay the \$2 per prescription, but 1.3 million social assistance recipients will only pay the \$2 per prescription—

**Mrs Caplan:** That's 1.3 million?

**Hon Mr Wilson:** Which is everybody on social assistance. About 50% of the social assistance recipients, or over 600,000 people, will pay an average of about \$8 per year for individuals. That's the expected impact, given current utilization rates, of which we have a very exact count. The impact will be, in about 50% of the social assistance cases for families, about \$24 a year is the expected impact.

In summary, more than 80% of social assistance recipients will pay about \$30 per year or less. You are absolutely right; for example, in this province we have about 10,000 methadone patients, many of whom will drink the prescription on a daily basis at the prescription counter. As it stands, the law that was passed allows flexibility for pharmacists to waive the \$2 fee or to make other arrangements.

Some pharmacists have told us—representatives of the Ontario Pharmacists' Association have told us and representatives of the Canadian Association of Chain Drug Stores said—that in the case of methadone patients, for example, they will likely set up an account and probably forgive the account. They will add \$2 to a ledger. They've been pressing actually, the pharmacists' association and the chain drugstores, to make it a mandatory \$2 and that nobody skips out. Because their view is that many, many pharmacists in the province will waive the \$2 because they know their clients, they know the patients and they will do that.

Now keeping in mind it's up to \$2, the way the law says, so they could charge zero to \$2. If it's any help, Loblaws charges \$1.99 now for some fees. So the flexibility is there.

**Mrs Caplan:** I acknowledge that and I recognize that there will be some who will decide not to do it. The concern is where it's the only place in town and there is no competition or simply they make a decision that they are not going to waive the fee, and that could happen in more places than we anticipate.

People are going to be disadvantaged, particularly those—you referred to methadone, but we also heard from the Canadian Mental Health Association and the Ontario Mental Health Association in their briefs that patients taking psychotropic and psychiatric medications, which keep them out of hospital and keep them function-



ing, medications which they may not like to take, and they're frequently given limited prescriptions, particularly those who have a history of depression and suicide, are going to be adversely affected. If they stop taking their medication, and most of them are living on disability pension or on welfare, how are they going to cope?

**Hon Mr Wilson:** Well, that's fine, but in considering it we took a minimalist approach. It has a minimal impact, the \$2 fee. If fully applied and mandatory, according to our workup on the numbers—there will still be an impact, you're right—but when you're looking at the vast majority of social assistance recipients and the impact being less than \$30 a year, we think that's fair given that we're bringing in the fees across the ODB program.

**Mrs Caplan:** I would argue—

**Hon Mr Wilson:** However, the flexibility is still there and I've been trying to work with the pharmacists to say we still want that flexibility.

The other thing to do of course would be to make it mandatory, as pharmacists are asking, and then through regulation try and exempt thousands and thousands of people, I guess, in terms of the mental health patients, and that would be an administrative nightmare, I think you would agree.

Right now we have the flexibility and pharmacists are telling us that in cases where they know the patient can't pay the \$2, fine. Remember, we pay \$6.11. The \$2 is on the dispensing fee. So the pharmacist who waives the \$2 still gets \$4.11, and many pharmacists are saying, "For methadone patients who are in every day, \$4.11 is enough," and so we're still paying that. It's not like the pharmacists gets nothing. They just won't get the full \$6.11.

**Mrs Caplan:** I understand, and I think most people understand, that you have your negotiations and dealings with pharmacists. That's fine and that's important. The concern that I have is about the people who are going to be receiving and taking those drugs, many of whom are doubly disadvantaged by virtue of the fact that they have compliance problems with their medication.

It's interesting and it's nice to hear the statistics, but when you put faces on those people who are going to be adversely impacted, we were given assurance—I felt it was assurance and I will be checking the Hansards—that there would be a plan in place so that those people with compliance problems with mental health drugs that are needed in order to sustain them in the community, that notwithstanding the administrative difficulties, there would be a mechanism to protect those people.

0920

Similarly, I can tell you that in my riding people are having trouble paying their rent because the rent is about 70% of their welfare cheque. They can't get into social housing. The waiting lists are two to three years. It's very nice words to say \$30 a year. These people are visiting the food bank to get food. They don't have the extra couple of bucks they need to buy the prescription for their kids because they don't have the money to feed the child. They phone us to say, "What are going to do if we get sick and need a prescription?"

That extra \$2 may seem like nothing to you, but to a person who's living on the edge, they've had their welfare cut, their rent is now taking in excess of 50%, 60%, 70% of their total income and they've got a sick child, it's no comfort to say to them: "Well, you know, 80% are only going to have \$30 a year. That's the average and that's the statistic." They say: "I'm not surviving. What do I do?" What do I tell them?

**Hon Mr Wilson:** Certainly the plan is a very good plan and that's to allow the flexibility, and faced with no fee or no business at all, I think the pharmacists will take the \$4.11. That's what they're telling us: \$4.11 versus nothing.

**Mrs Caplan:** You've also suggested that people go in and barter.

**Hon Mr Wilson:** Those are non-ODB recipients.

**Mrs Caplan:** I don't think what you're saying is that you have an agreement with pharmacists that they're not going to charge the \$2 user fee to welfare recipients, those on the ODB who can't afford it. Now we know that—

**Hon Mr Wilson:** We have an agreement. Many of them want it mandatory and we've bucked that suggestion so far.

**Mrs Caplan:** They want it mandatory that they must charge the \$2.

**Hon Mr Wilson:** Yes, and we've said no, we'll keep the flexibility.

**Mrs Caplan:** What you're saying is no to that.

**Hon Mr Wilson:** But the reason they want it mandatory is they're worried that the vast majority of pharmacists will waive the \$2 when they know the client can't afford it and they'll take the \$4.11 that we're paying, and they're willing to take a reduction rather than take the whole \$6.11.

**Mrs Caplan:** I hear the interests of the pharmacists and, frankly, I'm sympathetic that they've had a cut of a third of their dispensing fee, if you're right that from \$6.11 you're expecting them to eat the \$2 and not charge it and so now their dispensing fee is going to be \$4.11. I hear that and that's your negotiations with them, but you're negotiating with them on the backs of sick people who can't afford it. If you're going to tell us that you're going to—

**Hon Mr Wilson:** You can't have it both ways. What's your solution?

**Mrs Caplan:** No, no, no.

**Hon Mr Wilson:** I've given you the options.

**Mrs Caplan:** No, no, no.

**Hon Mr Wilson:** What's your solution?

**Mr Tony Martin (Sault Ste Marie):** You're the government.

**Mrs Caplan:** You're the government. You have said—

**Hon Mr Wilson:** I've made the decision that flexibility will be there.

**Mr Martin:** We're telling you it's not working.

**Hon Mr Wilson:** Pharmacists have told us they know their patients best and they'll waive the fee in cases where you can't get blood from a stone.

**Mrs Caplan:** When I sat in your chair, I had to answer the questions, Minister.

**Hon Mr Wilson:** I'm answering the questions. You don't like the answers.

**Mrs Caplan:** You're in the chair now and I'm telling you there is a problem. You've agreed there's a problem. You're saying—

**Hon Mr Wilson:** We've recognized the problem and we have a plan in place.

**Mrs Caplan:** What's the plan?

**Hon Mr Wilson:** The flexibility.

**Mrs Caplan:** But that means that people are going to get charged the \$2 who can't afford it, who have compliance problems.

**Hon Mr Wilson:** That's not what we're hearing. In fact we're hearing the very opposite, that people won't and the pharmacists will take the \$4.11 that is part of the plan.

**Mrs Caplan:** So it would be acceptable and appropriate then, you're saying, for you to advertise that people don't have to pay the \$2 if they can't afford it. Is that what you're saying?

**Hon Mr Wilson:** No. We want to make it very clear that the \$2 is a fee that we expect people to pay, but in those very rare cases, and when you're dealing with 2.2 million recipients, it is a small number of people who will have problems paying the \$2. In those cases they will work with their pharmacist to make other arrangements, and that may involve asking the pharmacist to waive the fee. The law is clear that it's up to \$2.

**Mrs Caplan:** I would suggest to you, Minister, that the suggestion you're making, which is that people go in and beg their pharmacist to waive the \$2 fee, is an assault on human dignity and unless you can find a way to deal with that issue—

**Hon Mr Wilson:** Sorry. What's your suggestion?

**Mrs Caplan:** What I'm suggesting to you is that you rescind your policy of imposing the \$2 user fee. Since that is not money that is going to be reallocated into the health system, that money has been taken out of Health. Let me tell you—

**Hon Mr Wilson:** It helps the government sustain the program.

**Mrs Caplan:** Let me tell you something, you say it helps sustain the program. It doesn't. You've sealed the envelope.

**Hon Mr Wilson:** Mr Martin's hitting us with a \$1-billion hit. Your federal counterparts in just a few weeks—

**Mrs Caplan:** You've taken \$225 million out of that envelope and you've given it to the treasury to use either for the big tax cut that you're promising or for the deficit reduction, either one. It is not going back into health because you've sealed the envelope. So to tell anybody it's sustaining the program is just not true. You want my suggestion?

**Hon Mr Wilson:** It is sustaining the program.

**Mrs Caplan:** You want to hear my suggestion? Don't do your tax cut, leave the Ontario drug benefit recipients with dignity and let them know that when they get sick, they're going to not have to go to their pharmacist and beg.

**Hon Mr Wilson:** You're suggesting we not create jobs, we simply cut expenditures, which all three parties

agreed during the election. You were going to balance the budget in four years, even faster, so your cuts must have been very, very deep, Ms Caplan, in order to—

**Mrs Caplan:** Actually that's not true because—

**Hon Mr Wilson:** Either that or you weren't planning on living up to your commitments to the people of Ontario, which would be typical.

**Mrs Caplan:**—our tax cut was \$350 million a year and our plan did not have the kind of deep cuts that you have because we didn't have a \$5-billion to \$6-billion tax cut cost in revenues.

**Hon Mr Wilson:** You had a \$2-billion tax cut over four years.

**Mrs Caplan:** Clearly our program was very different than yours. Our program—

**Hon Mr Wilson:** Not much.

**Mr Gary Carr (Oakville South):** On which day?

**Mrs Caplan:** But I'll tell you something, you said no new user fees.

**Hon Mr Wilson:** As I recall, our program came out first and you scrambled to catch up with your red book.

**Mrs Caplan:** Everybody I have spoken to said that they did not expect to see a user fee on the drug plan. When you said no new user fees, they thought that meant no new user fees.

**Hon Mr Wilson:** It's not a user fee. Nine out of 10 provinces have that.

**Mrs Caplan:** I hear what you're saying, but I'll tell you something, Minister—

**Hon Mr Wilson:** We could have gone the Saskatchewan route where every six months the deductible is \$700.

**Mrs Caplan:** Let me tell you something, Minister, people want you to do what you said you were going to do, not what I said I was going to do, not what the Liberals or the NDP said they were going to do. They expect you to do what you said here, which was no new user fees.

**Hon Mr Wilson:** We're doing exactly what we said we were going to do.

**Mrs Caplan:** You're asking me for my solution. I'm telling you your plan is going to affect individuals, my constituents and yours. People who have compliance problems, people with mental health problems, people who are poor, who are paying an exorbitant portion of their income on rent, are going to be faced with a serious problem of: "Do you feed or do you buy the medication? Do you take the drug or not?"

Those problems are going to lead to higher health costs, frankly, because those compliance problems cost you money, unless you find a better plan. To just say you're leaving it up to the individual pharmacist I think is unfair to the population and you have a responsibility to make sure that you don't disadvantage the people who need help the most.

**Hon Mr Wilson:** Ms Caplan, it's very difficult to write a regulation to exempt those people. They don't have stamps on their foreheads saying, "I'm a mental health patient." Is that what you're suggesting?

**Mrs Caplan:** What I'm suggesting—

**Hon Mr Wilson:** The pharmacists in complete confidence will make this arrangement that has under the law—



**Mrs Caplan:** What I am suggesting to you is that you don't make people beg—

**Hon Mr Wilson:** How do you know when someone walks into a store, Ms Caplan, whether or not they're a mental health patient who needs the \$2 waived? Are you suggesting we label people?

**Mrs Caplan:** What I'm suggesting is that you remove the \$2 copayment and then you don't have the problem.

**Hon Mr Wilson:** That flexibility is in the act—

**Mrs Caplan:** No, you waive it.

**Hon Mr Wilson:** —and pharmacists are telling us they will do that in the very rare cases where it's required by their clients.

**Mrs Caplan:** What you are saying is that you're not going to require that to be waived for mental health patients and people with compliance problems.

**Hon Mr Wilson:** I'm saying it's inhumane to label people as they walk into a store—

**Mrs Caplan:** Let me tell you something. You are labelling people by making them beg. You're taking away human dignity by making them beg and by telling them to go out and barter for their drugs and beg. That kind of policy is the kind of policy that's going to defeat your government, because people know it is cruel and it is unfair and it is not what people expected from Mike Harris.

**Hon Mr Wilson:** Ms Caplan, this policy expanded the program to 140,000 working poor. It's a good-news item. Yes, we did have to sustain the program. Under the Canada Health Act we are not required to carry this program. We want to carry the program though. As you point out, it would be somewhat self-defeating not to continue an Ontario drug benefit plan because of cost shifts to other parts of the sector, but we believe people who can afford to pay should pay and that's a principle that this government is following.

We'll be following that principle with our fair share health levy and it makes the plan sustainable. I think it'll be clearer to all the people of Ontario in just a few weeks as we start to absorb the cuts that, yes, we knew were coming from Ottawa, but when they really start to happen, you have to really start putting policies in place to deal with them, and that's what we've been doing.

**Mrs Caplan:** "Under this plan, there will be no new user fees." Page 6 of the Common Sense Revolution.

**Hon Mr Wilson:** Just prior to that, you'll note our discussion on the Canada Health Act which clearly makes it clear that "user fees" is a term used under the Canada Health Act—

**Mrs Caplan:** That's yours, separate in bold letters. It's there. That was your commitment.

**Hon Mr Wilson:** Ms Caplan, you're the only one in Canada—

**Mrs Caplan:** You clearly did not maintain your commitment to the people.

**Hon Mr Wilson:** —arguing that these are not copayments.

**Mrs Caplan:** You are the persons that made that commitment.

**Hon Mr Wilson:** Nine other provinces—

**The Chair:** One at a time.

**Hon Mr Wilson:** —disagree with you, including your Liberal colleagues in nine other provinces. We are simply bringing the plan in to keep it affordable and sustainable. 0930

**Mrs Caplan:** What I'm saying to, Minister, is that you promised the people in the election that you would not bring in new user fees—

**Hon Mr Wilson:** And we have not.

**Mrs Caplan:** —under your Common Sense Revolution plan. You said it. That's what they expected—

**Hon Mr Wilson:** And we have not.

**Mrs Caplan:** —and I will say to you that what you have done is not only a betrayal but in fact it is hurting. It is hurting the people who can least afford it.

I have a note here from the United Senior Citizens of Ontario, and their concern is that seniors have always said that a user fee for drugs will disadvantage poor people and generate little profit after administrative costs. The policy of making people pay is destructive of medicare. If you agree with me—

**Hon Mr Wilson:** So the hundreds of millions of dollars of fees that you brought in on copayments for long-term-care services, for home care—

**Mrs Caplan:** —and I agree with you that there is sufficient money in the health system, then what you are doing when you add these kinds of additional fees—

**Hon Mr Wilson:** —do you regret doing that as Minister of Health?

**Mrs Caplan:** —is begin the dismantling of medicare.

**Hon Mr Wilson:** Sorry, Ms Caplan. Your government brought in more fees on health services in this province—

**The Chair:** If we could have just one speaker at a time.

**Hon Mr Wilson:** —which you quite correctly called copayments, particularly in long-term care, another \$150 million was introduced under Bill 101 by the NDP, and we agreed they were copayments on accommodation and other health services. Those fees have all been in place, many of them jacked up during your time as Health minister, and you're telling me today you regret doing that. I'm sorry, but we have not brought in user fees.

**Mrs Caplan:** Well, you should be sorry.

**Hon Mr Wilson:** We are one of the few provinces in Canada in complete compliance, and your federal Liberal counterparts are not saying we're out of compliance with the Canada Health Act, which says, "No user fees," and we said, "No user fees."

**Mrs Caplan:** You should be sorry, Minister, because let me read you back your own words.

**Hon Mr Wilson:** I'm not sorry.

**Mrs Caplan:** These are your words: "For some time now—"

**Hon Mr Wilson:** We're trying to keep the program affordable and sustainable—

**Mrs Caplan:** I have the floor, I believe, Mr Chairman.

**The Chair:** Order.

**Mrs Caplan:** "For some time now—"

**Hon Mr Wilson:** You've given us no constructive suggestion on how to deal with the billion-dollar cuts from Ottawa.

**The Chair:** Could we get one at a time. Mrs Caplan.

**Mr Martin:** On a point of order, Mr Chairman: The member has come here prepared today to ask the minister questions. He won't let her ask any questions. What is the process?

**The Chair:** Just let Ms Caplan—

**Mrs Caplan:** Thanks, Mr Chairman.

"For some time now, there has been growing debate over the most effective way to ensure more responsible use of our universal health care system. In the last decade, user fees and copayments have kept rising and many health care services been 'delisted' and are no longer covered by OHIP.

"We looked at those kinds of options, but decided the most effective and fair method was to give the public and health professionals alike a true and full accounting of the costs of health care, and ask individuals to pay a fair share of those costs, based on income. We believe that the new fair share health care levy, based on the ability to pay, meets the test of fairness and the requirements of the Canada Health Act while protecting the fundamental integrity of our health care system."

End of paragraph, next line, separated out in bold:

"Under this plan, there will be no new user fees."

Every intelligent person who reads that would come to the conclusion that you rejected the user fee, copayment approach, that you were opting strictly for your fair share health care levy instead. They would have expected reasonably that you would not have brought in a user fee or a copayment or delisted drugs or brought in a deductible, because you had rejected all those options. That's a reasonable reading, but I'm not going to belabour it. People will know your record, they know what you said, they know what you're doing, and you will be held accountable for that.

**The Chair:** Thank you, Ms Caplan. Mr Martin, you have 20 minutes in your rotation.

**Mr Martin:** I was wondering how much of that would be my being allowed to ask questions or the minister asking questions of me. Is there some rule?

**The Chair:** No. You can make your comments, you can ask questions, and the minister should be given some opportunity to respond.

**Mr Martin:** I want to follow up a little bit on the line of questioning of the Liberal member, but maybe not be quite so specific, and to focus on some of the context within which you are making decisions and to ask you some questions flowing out of that and to get some information on just what kind of long-term planning you've done.

In light of some of the very difficult and significant decisions you've made re the ability of some of our most vulnerable citizens to care for themselves and to pay for the services that they need, do you have any indication of just where all of that becomes counterproductive in terms of the overall health of the province and individuals within it?

In July, Minister, your government cut 22% out of the pay package of the most vulnerable and the poor in our communities. You would know as well as I, if you'd spent any time in your constituency office over the last six months, that it's creating some tremendous trauma and stress in the lives of a lot of the people I represent in Sault Ste Marie.

Between July and November you've gone about the task of changing the definition of how a person qualifies for assistance of various sorts, and so now in my community we have everybody all excited because the number of people on social assistance has dropped significantly, not understanding that the reason that people are off the social assistance roll in our community is because you've changed the rules.

Where a lot of the working poor, people who actually had jobs at minimum wage in Sault Ste Marie, qualified for a little top-up or a health card—for various and sundry reasons there was some flexibility there before—that's not there any more and these folks now are left to fend on their own for the very sustenance of life, to fend on their own to try and put food on the table for their families and their children and to clothe themselves in this very harsh, cold winter, and to try and make sure they have a place to live.

While all that is going on, people are dropping off the rolls, people are losing that little bit of top-up they had to help them make ends meet. The welfare offices are going through an exercise with people of trying to help them manage within the lower amounts of money that they're getting and are in most cases, because the rents they're paying are above the allowance for accommodation, asking them to move. You're putting tremendous stress on individuals who are least able to deal with it.

Then in November you made further announcements that you were going to cut some of the services there to support them through these very difficult times and to keep them at at least a semi-healthy level in terms of their ability to make everyday decisions and to not fall even further sometimes into the quagmire of the mental health system.

You've cut their services. I'll give you an example: In Sault Ste Marie, because of the pressure on the municipality by way of the cuts that you're foisting on them, they've had to make a decision to stop funding a family counselling agency that offered free counselling to people on social assistance.

You're doing all this to those who are most vulnerable in our society, particularly from a health perspective, because we all know from the work that has been done that some of the determinants of health are things like people's ability to make decisions around what they're going to buy for themselves and for their children, the kind of food they put on the table, the housing they have and the fact that they have a job at all.

By some of the decisions that you're making in the social services sector, you're actually going to be forcing some people who were able to work with a little top-up or some assistance from social assistance to have to go totally on the system because they need the health card.

At the same time as that's going on, you're cutting—and you can call it whatever you like, you can describe it, define it any way you want. You tell us that down the road you're going to reinvest the money you're taking out of the health care system, but the sad reality of today is that you are indeed taking money out of the health care system at a time when you're forcing more people into a situation where they're probably going to need it, and at some point all of this becomes, in my mind, very



counterproductive. What you're going to do is end up creating a whole lot of sick people, sick families, sick communities, and you're not going to be able to afford to, or the system's not going to be able to deal with the onslaught that will come.

**0940**

Have you been doing anything by the way of long-term planning, looking at numbers, balancing all these things, seeing how your particular decisions re your ministry fit into the larger context, so that at some point you might be able to say to your colleagues around the cabinet table: "Hey, whoa, this is too much. It's not fitting any more and the cost to my ministry and the challenge you've put on my ministry to find the savings that are needed to give the tax break to those who can afford, most of them, to buy their own health care"—have you done anything to determine, to help you decide, as you move forward with the decisions you're making, almost on a weekly basis now, re cuts to the health care system, in the context of cuts to services and cuts to the most vulnerable among us, that would indicate to you that you've gone over the line, that you've gone too far?

**Hon Mr Wilson:** Mr Martin, everything we do is to bring prosperity and jobs and hope back to the people of Ontario and for you to say that we've made cuts to the health care envelope is irresponsible. We've not done that. The budget was \$17.4 billion when we arrived, it's \$17.4 billion today and we're doing everything to sustain that as per our commitment to the people of Ontario.

We still provide welfare and social assistance in this province at 10% above the national average, it being the most generous program in Canada and Canada being one of the most generous nations, I dare to say we're probably the most generous jurisdiction on Earth—

**Mr Martin:** Not for long.

**Hon Mr Wilson:** —with respect to our social programs. Specifically, Community and Social Services still provides the \$2.50-a-month payment so that people can get their drug card and we lowered, for the working poor, the \$500 deductible. A lot of people simply couldn't afford to pay the first \$500 for their drugs. We lowered that, expanded the base, lowered it to \$350 deductible in the Trillium program and expanded the base by 140,000 people. That's good news, that's compassionate and that is what guides us.

We had a 42-year record of compassion in this province second to none, but we paid for the programs. What's happened is that with a \$9.3-billion deficit, \$9 billion worth of interest payments, the course your party put us on, would mean in five years' time we'd be paying almost \$20 billion on interest alone. You tell me that's morally correct, that's the way to go? The largest government program would be \$20 billion by the year 2001 and it would go primarily to foreign lenders. That is wrong and everything we are doing is to reverse that trend to ensure that we can pay for the programs and sustain our social programs well into the future, and to target the money we have to those most in need and that's what we've been doing in my ministry.

For you to say that we've been cutting health care is wrong. We've been trying to find waste and duplication in the system. We've squeezed every line item to make

the reinvestment announcements we have today and we are looking to the hospital sector now, as you know, with the Treasurer's announcement, over the next three years to restructure, to re-engineer and those dollars to be freed up for other priority areas in health care, including community care.

Welfare rolls are going down in the province, not necessarily because the rules have changed in a draconian way, but because the rules have changed to bring hope back to people. I have third-generation welfare. My mother's been a teacher 31 years. She's now teaching third-generation welfare in places of my riding. That is wrong. Those people need to understand, and they do understand because many of them are friends and neighbours; I have my own family member on welfare because he has mental health problems, so I understand it very well. We live in the real community.

I visit my riding sometimes nightly during the week because I'm only 55 minutes away from the south end of it and I do riding appointments on Fridays, Saturdays and Sundays, which is the long-standing tradition in my riding. I'm very much in touch with the people. I didn't come from a wealthy background. My father was unemployed most of my life. I sent money home since the time I was 18 years of age and had four jobs going through university, so I'm a little tired of lectures from your parties and others.

What is irresponsible is to not pay for programs and to put false hope out for people and we're trying to reverse that trend. At the same time, everything we do, our motive is compassion. Our motive is to ensure that scarce dollars, and they're getting scarcer all the time with the federal cuts, are targeted towards people who truly need them, and that's what we're doing. Government can't be all things to all people. That was the trend of the last 10 years and it's a trend that's morally wrong.

**Mr Martin:** I have to say I'm disappointed in that I've asked somewhat similar questions, and some of you were here, to other ministers over the last month or so as we've gone through these estimates exercises—

*Interjection.*

**Mr Martin:** No, we get the same answers. It's out of some book someplace. It's an ideology, it's a theory that you're governing by that all of you obviously have gone to school to learn.

**Mr Peter L. Preston (Brant-Haldimand):** One and one makes two last month and one and one makes two today and it'll be the same tomorrow. You ask the same question and you get the same answer.

**The Chair:** Would you direct your questions and comments to the Chair.

**Mr Preston:** I'm sorry. Through the Chair, back to you, Tony.

**The Chair:** It is Mr Martin who has the floor.

**Mr Martin:** Obviously, these people are not listening to the people who live in their communities.

**Hon Mr Wilson:** We are listening.

**Mr Martin:** They're not hearing the stories. They're not spending enough time looking at what's happening. It's just been six months now—or nine months—and the pain that is being inflicted, the chaos that's being created, the number of people who are losing their jobs or are

going to lose their jobs—we're going to lose in Sault Ste Marie anywhere between 800 and 1,000 jobs by the time you're finished, and this is just the first round. The impact that will make on my community by way of the tax base and the spending patterns of people, the drag it will have on the local economy is unbelievable.

But I keep getting the same old diatribe, and I thought, Mr Wilson, you would be different. I watched you in opposition and you were a guy who presented from time to time like you really cared, like you really did understand, that you in fact did come from a background where there perhaps was some difficulty—

**Hon Mr Wilson:** Still do.

**Mr Martin:** —and some challenge, and so could relate. But you're not doing that here today. I asked you a specific question and you went on with this mantra we hear all the time about how we have to do everything to bring back prosperity to the province. What does taking 22% out of the pockets of the poorest in our community have to do with prosperity? Nothing. I ask you the question again. Are you tracking, are you doing any studies, are you out there trying to figure out where all of this becomes counterproductive?

We now have in this community the potential for a TB crisis, an outbreak, because there are too many people sleeping on the streets. There are too many people out there freezing at night and coming to soup kitchens and food banks in unheralded numbers because of the draconian cut you've made to social assistance and the changes you're making in the public housing policy area. You're creating something none of us is going to be able to resolve in the end if you don't stop now, if you don't stop at some point and take a second look, because what you're doing is having an overall damaging effect on the lives of people in this province.

I ask you again, are you doing any tracking? Are you keeping the score, so to speak, in terms of how all this shakes out and how your cuts, combined with the cuts in social assistance, combined with the things you're doing in housing, are impacting the whole network—economic, health and social—we all live within and count on in this province to support us as we go through both ups and downs in the economy?

**Hon Mr Wilson:** The answer to your question, Mr Martin, is yes. Our whole focus is to ensure that our programs are affordable and sustainable and that they're targeted to people who need help. You will find that every ministry keeps that very much in mind and does do workups and plans to ensure we keep that as our bottom line.

Compassion is our motive, and the politics of the day is to go out and have others suggest otherwise, I suppose, but I can tell you that the vast majority of people think we're on the right track. They understand because they run their households, like the government should run its household, and they understand the actions we have to take to get our books in order.

I should add that Mr Martin again has added another \$400 million to the cuts, in his budget of two days ago, to the health and social transfer that will impact very directly on this province.

**Mr Martin:** And we disagree with that.

**Hon Mr Wilson:** Again we point that out. We're trying to be a bit different in not every day pointing fingers at the federal government, but also we want people to understand that the things we're doing are to respond to reductions in money that we have to spend on programs and therefore we need to better target our programs. That's what we're doing. We're keeping an eye on the bottom line, which is the compassion and the help the people of Ontario need from time to time.

0950

**Mr Martin:** That's not the way it's playing out, certainly in my part of the province as more and more people find themselves under the gun. Where they had a little hope a year or two years ago regarding the economy and their ability to make ends meet and were starting to make some gains, all of that all of a sudden has disappeared for them. The rug has been pulled. It's across the board, in every ministry. Every day we wake up there's another announcement about money being pulled from some program or other that supported either a community or the economy of a community or people within a community as we tried to move ahead in this province.

A lot of what you're doing, in my mind, is based on a false premise that somehow in this province we had this major crisis that was happening to us and because of that you've got to now make these very, very difficult and deep and significant cuts. I suggest to you that you don't need to do that and that there is another way of working with people in their best interests and listening to people so that they might share with you the impact this is having on them as this province moves forward.

In 1994 in this province we saw record investment from outside sources. In my community, people were spending money, the economy was well and there was an upbeat feeling among people, particularly, I remember, after the Christmas of 1994 with the small business retail sector and the consumers because of what was done at Algoma Steel and St Marys Paper and the ACR by our government re the restructuring of those industries. That all has an important impact re the health of the population and the cost of health care to that population.

I suggest to you that what you're doing is going to take us down a road that's going to eventually cost us, and not only in terms of dollars but in terms of potential, the potential of people to contribute, because they'll be too sick to. Maybe next round we can talk a little bit about the potential TB crisis that's beginning to loom in this, the biggest city of our province.

**The Chair:** That's a good idea. Mr Preston.

**Hon Mr Wilson:** Could I take one minute, Mr Preston?

**Mr Preston:** Take as long as you want, sir.

**Hon Mr Wilson:** Thank you. I think it's important at some point today, because the deputy minister spent a great deal of time yesterday explaining what we are doing about tuberculosis, and I think she'd like the opportunity to do that today. We don't have to do that right now, but at some point, because we can't leave that hanging on the record as if the government and public health authorities aren't doing anything.

The second thing is, Mr Martin, you can do better with less. My municipal council in Collingwood did a survey



of all the people that are in the counselling and youth employment service business in my riding: 52 agencies. You tell me that the money government is providing is actually going to front-line services when you've got 52 executive directors and 52 agencies which applied for every grant going. Some of them probably, I know for a fact, aren't really themselves qualified to deliver these, but they've got a shingle out front that says they're counselling for X, Y and Z.

I went through the campaign very clearly and said that some of these executive directors are going to lose their jobs, because that money has to be put into front-line services, and overall the government has to start paying its bills as we go along. I think if you did a survey in your area or other areas of the province, you'd find that we can do better for less.

I didn't do the survey, the local council did, because for years they've said, "Jeez, shingles keep popping up, with people who say they're in this business and that business." The fact of the matter is that we've got those people together. The county council, for example, under the guise of the children's aid society, now has them all coming to meetings, sitting around the table. Many of them had never even met each other before. They say: "You're in youth counselling? Jeez, I'm in youth counselling too. I didn't even know that. Where are you?" "Well, I'm at the other end of town."

We've got to better target our money. The growth industry has been in administration both here at Queen's Park and throughout the province. We've got to target the money, and that's what we're doing. Sometimes, by using government's fiscal levers, it makes people come to the table and it makes them want to do more with less, and that's what we're seeing. I'm not seeing what you're saying. I'm seeing tremendous cooperation, both in the sectors I have responsibility for and in Community and Social Services in my own riding, and it's good news. A number of people, once they get together and realize the waste and duplication in the system, know they can't justify that to the public, and they're working cooperatively to drive dollars down to front-line services. I see a lot of good things and cooperative ventures happening in the province that are long overdue.

**The Chair:** Did he answer your question before you asked it, Mr Preston?

**Mr Preston:** Oh, no. But he did discuss the TB situation, and Tony touched on the TB situation as if nothing was being done. If nothing's being done, I'd like to know how they found out about it. If nothing's being done, how did they find out 24% of the staff have been in contact? I don't know whether there's a big lineup at some door where people walk in and say: "I have it. He doesn't. He doesn't." Somebody was doing something to discover it.

And for Mr Martin to depict the financial situation as fictitious, I cannot understand that. It may have been fictitious to you when you created it, but it is not fictitious today. It's not a fictitious panic we're in because we have a fictitious problem. We have a very real problem. I think some of the things the minister touched on in order to cure that problem—again, what are we curing if there isn't a problem?

The reason we're having to do some of the things we're doing, Mr Martin, is because of a problem we've had for quite some time.

**Mr Martin:** No, it's to give money to your wealthy friends. Clear the record.

**The Chair:** Let's keep some order.

**Mr Preston:** That's right, Mr Chairman. I thank you very much. Good. Oh, I thought he was leaving, and that's how he was going to create order.

**Mr Martin:** I'm really interested in what you have to say, Mr Preston.

**Mr Preston:** The problem we have has to be cured even if it is considered fictitious by the other parties. It is not considered fictitious by us.

**Hon Mr Wilson:** Mr Preston, could he perhaps allow the deputy one minute to explain what we are doing, to recap, since Mr Martin was unable to join us yesterday, I guess.

**Mr Preston:** No problem.

**The Chair:** I'd just remind you that Mr Baird has a question too. Deputy?

**Ms Margaret Mottershead:** I'll be quick, because I think the record of Hansard will show what was already said yesterday. But for your information, Mr Martin, we have redeployed a whole number of nurses from the public health departments to go into shelters to deal with the homeless one-on-one to observe that they are taking therapy and are taking their medication. They are making sure that—with this particular disease you have to take three antibiotics all at the same time. They are doing that in a very direct way.

I mentioned that we are also working with the immigration department, and officials there have contacted a number of Ontario physicians so there is more screening of refugee claimants and others as they come through airports, and that work is going on. Guidelines are being developed for the front-line staff, those nurses I mentioned, so they know exactly what to look for and how to treat it, and there has been a major redeployment so far and it will continue until we see this terrible disease decline again. That's for the record.

**Mrs Caplan:** Could I use one minute of my time, since we are dealing with tuberculosis at this point, to put a question on the record?

**The Chair:** I will have to ask Mr Barrett, who is—

**Mrs Caplan:** I'll take it from my own time, but I think it's appropriate that we do it now.

**The Chair:** Okay, Ms Caplan.

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**Mrs Caplan:** It's just one minute. There's an article today that suggests that 37% of the people using shelters in downtown Toronto—I'm going to read exactly the quote. This is a study released March 21 by the Toronto Board of Health, which found that "more than 37% of homeless people using the six downtown shelters were infected with TB." I don't like to overuse the word "crisis," and I don't, but when you have that size of population infected, the statement I'd like to hear from the minister is an assurance that there will be no cuts to public health budgets, that you will ensure the funding is maintained so they will be able to deal with tuberculosis and any of the other diseases.

**Hon Mr Wilson:** We've certainly not cut public health budgets.

**Mrs Caplan:** Just give some assurance that you do not intend to.

**Hon Mr Wilson:** In fact, one of our reinvestments, and certainly a goal of the ministry when you talk about outcomes, is to wipe out measles in this province by next year. It is an absolute shame that Latin America wiped out measles over the last five years, and yet with all the money we spend on public health, which is a great sum of money, more than they spend per capita in many of the countries that have wiped out things like measles, I don't feel we're targeting the money to front-line services. Our reinvestment was some new dollars for measles and also getting the public health authorities out, as the deputy has said, to deal one-on-one with these problems.

People should realize that's somewhat controversial. I have a sister-in-law who is in public health who says it's been about three years since she's been out of the office. She makes up education kits for others to teach. Public health nurses, many of them anyway, would like the opportunity to go out one-on-one, and certainly with the measles vaccination program they're also able to have a little conversation with the children in the school auditorium and to see if there are other problems out there.

When we went to school—I'll put us in the same age group—public health authorities periodically came into the school and checked for head lice and checked for dry skin and checked for other problems, including emotional problems that children were having. We're trying to focus that. With St Michael's Hospital, here in the article, taking a special role because of their service to the indigent population, to the homeless in Toronto, and also the targeting of more public health nurses, I'm confident we're doing everything we can to direct that.

**Mrs Caplan:** So there will be no cuts? That's what I need to hear.

**Hon Mr Wilson:** No, there aren't any cuts, and we're certainly not planning any.

**Mrs Caplan:** Great.

**Mr Toby Barrett (Norfolk):** Yesterday we discussed with the deputy minister the need for a better information system to deal with fraud and doctor shopping and overuse of our health care system. The smart card system, which will be a massive undertaking, I feel will have a very significant impact on our health care. But getting an initiative of this magnitude off the ground will take a considerable amount of time and money, and I don't think government should try to do this alone.

I wish to ask the minister, do you see opportunities for joint ventures, not only with physicians and pharmacists and hospitals but with the private sector? Second, what's in it for the private sector, given the risk involved? What would be the payback for private sector involvement in what I consider a massive undertaking?

**The Chair:** Golly.

**Hon Mr Wilson:** The Chair once again reminds me that the tough questions come from my colleagues.

**Mrs Caplan:** I'll try harder.

**Hon Mr Wilson:** It really wasn't a challenge, Elinor.

It's a very good question. I know the deputy had an opportunity to talk about some of our thoughts on this.

First of all, I want to make it clear that it's not necessarily a smart card system, but a smart system, and there is a difference. If you read Thomas Walkom in the Toronto Star once in a while, they criticize us for a smart card.

There was a pilot project done by the ministry three or four years ago in Fort Frances, the Rainy River area, and one of the problems there with the smart card was that if you put the transaction, the health service encounter, the visit to the doctor or hospital, on the computer chip on the plastic card and people lose the card, then you lose that information. What the government learned from that pilot project—what the government of the day learned, and the information's been passed on—and also the North Shore in Quebec did a similar project, and the big problem was that people would lose their cards.

There's no sense in putting the card out there, whether it have a computer chip in it or continues to have a magnetic strip, without developing the computer system. I think everybody understands that. We do have to remind some of the media from time to time, who have big headlines, we saw, on smart cards and what a stupid idea that is, that yes, it wouldn't be a good idea if we didn't download that information on a regular basis into a centralized database. That's where we're headed.

We had a symposium—again, I missed whether this was explained yesterday—of more than 60 companies about a month, a month and a half ago at the ministry. We've had a lot of private sector companies and hospitals come forward who are already running very large information systems, often, in the case of Toronto, for example, linked with other hospitals, but we have those systems running in isolation. The systems still aren't talking to each other. We have north Toronto developing a health information network, we have the east, we have hospitals along University Avenue developing linkages.

I was visiting Mr Carr's riding not too long ago and was able to see instantaneously X-rays that had been taken at Sunnybrook hospital transmitted over to Oakville-Trafalgar hospital; the X-ray that was just taken comes up on the screen. When I was in Timmins just recently, they are doing the same thing with hospitals from Sudbury to Timmins. No longer does the courier or the patient have to bring the X-rays over.

One thing we want to do as a government is remind the privacy commissioner, who got all freaked with Bill 26 when we tried to apply some rules to all this, that with or without his blessing this is happening, and he's got to get up to date. That's what I've told him in meetings. He's got to get up to date. X-rays and confidential information are going across the lines right now, whether we acknowledge it as a government.

Semblances of a smart system, a system that is online and provides a patient record readily available to health care providers in a confidential way, are already out there. The trick for government, with the private sector, Mr Barrett, is to link that. What's in it primarily for the private sector is that if in Ontario we could truly have an information system so that we knew in a timely way exactly what the interactions are in our health care system, the private sector, because it would be the first time a comprehensive information system like that for such a large population is developed, would be able to have that as a showcase.



We know in some managed care systems in the States that they have pretty good information systems. Columbia, for example, which is a \$20-billion health care conglomerate in the States—aside from the fact that they're a managed care system and all the things that people might have concerns about there—do have a very good information system. To me, it's a bit too Big Brotherish. One of the reasons our physicians are not going to the States in the numbers they used to in the past is that when they put a diagnosis on the computer screen in their office, a choice of about three treatments come up, and you get paid based on whether you follow the computer's advice. Our physicians are now coming back, because we have people wanting their billing numbers back, saying, "I didn't go to school all these years to have a computer dictate to me and to have my pay based on whether I follow these procedures."

It's already happening throughout the world and what's in it for the private sector primarily is to showcase Ontario as a comprehensive system. That would be a great thing. We are planning on putting out a request for proposals in, hopefully, a couple of months; we're still on track, I think. We've been working with the private sector and the public sector to put the language together on what that tender should look like—and how we should pay for it. Certainly the Ministry of Health doesn't have the millions of dollars required to pay for it, and why should we duplicate systems out there when a lot of people already own a lot of the phone lines and that sort of thing that are going to be used? We're working with Bell and a lot of major companies that have developed both software and hardware, and we want to use, not replicate, what's out there.

It may mean, in the short term, that we continue to use the health card. The good news, after both the Liberals and Conservatives got after the previous government, is that they did bring in a very tight registration for new registrants of health cards. You have to bring in at least three original documents now, rather than the blank form we got a few years ago where people apparently did put parrots and dogs and a few other things in as a joke, and they got into our computer system. Now we have the re-registration of the province on hold pending a new information system, and when we re-register we will have a very high confidence level because people have to show original documentation, like you would for a passport or for other government forms. That's the track we're on.

You had another question in there too, did you not?

**Mr Barrett:** No, I think you answered the second part, in terms of the payback for the private sector.

**Hon Mr Wilson:** The previous government, to be perfectly frank with you, got into discussions with a banking consortium, which didn't really go too far. The banks wanted a fairly high transaction fee, like you would for the ATMs. It's a buck, I think, a lot of us pay if you don't use your own bank's automatic teller machine. That was a bit too rich, I think, because we do, in drugs alone, 42 million prescriptions a year. I don't know how many physician contacts we'd have.

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**Mrs Caplan:** It's 12 million.

**Hon Mr Wilson:** Twelve million?

**Interjection:** A month.

**Hon Mr Wilson:** Twelve million a month is just the physician contacts that we pay for each month. So it's a lot of interaction in the health care system going on on a daily basis.

The payback for the system, of course, we don't really know right now, unless we have people like Dr David Naylor in the Institute for Clinical Evaluative Sciences out in Sunnybrook take a snapshot of the system once in a while, which they did when they produced the atlas about a year and a half ago. There was a comprehensive study released on how many Caesarean sections we'd been doing in Sudbury versus London, Ontario, for example, or Toronto, and different procedures. It's difficult for us to know how many visits you would do to your family doctor before you're referred to the specialist, before you're referred to the surgeon and cardiac and what all the follow-up care is. We really don't have a good idea of that, of all the service transactions that would have occurred, the cost of that.

For example—we mentioned this yesterday—in the area of cardiac, we've asked—and they'll be reporting, hopefully, in a couple of months—the Provincial Adult Cardiac Care Network to give us a continuum of service, a plan, which would be prevention, then to the onset of disease, post-operative and then rehab. It would be nice to know so that we can plan. We know people are going to have heart disease. I think it's the number one killer of people in Ontario. So we need a better plan, as a government and as a system, and budget for the onset of that disease and try and prevent the disease in the first place.

The payback is enormous. It's a huge, huge job, but it's one that we're committed to doing.

**Mr E.J. Douglas Rollins (Quinte):** Have we still got a little bit more time left?

**The Chair:** No, I think you're just about done.

**Mr Rollins:** One quick one. In developing this type of smart card, has there been some consideration given to other ministries to carry in with the same card? Can you expand on that a little bit for us, Jim?

**Hon Mr Wilson:** I'll try and be brief. Right now, as you know, we're having discussions with Transportation and Community and Social Services and Health. People are registering and we have a lot of civil servants helping people fill out forms and processing forms. They're registering several times to get a service from government. Why can't we ask all the right questions up front once and then on the form say, okay, this is the tombstone information we know through that registration?

Our thought is, if we're going to go out and re-register 11 million people in the Ministry of Health, then why don't we also update all the other databases? Consumer and Commercial Relations, which runs the birth and death databases, theirs isn't exactly the best database in the world. From time to time they try and send out letters, and they get a really high rejection rate because they don't have up-to-date addresses on people.

So all we're saying is, if we're going to go to the expense of re-registering people to get the health card database up to date, why don't we ask a few more questions that other ministries are also asking and do it all at once? That's what we're talking about. We're not

talking about people who have your driver's licence number being able to get into your health care information. Nobody's talking that way and it's certainly scare-mongering when people suggest that sort of thing. But what we call tombstone data—your name, address, sex and a few other pertinent pieces of information that other ministries are asking in their own silos—why can't we get together? And it's not a new idea. When I used to work at Management Board back in 1985 they were discussing this, and I guess our government is pushing the civil service and the private sector to actually make this happen. So we hope it does happen.

**Mrs Caplan:** There are a number of issues I'd like to pursue, but since you've raised the issue of the smart card, I'd like to just get a couple of things on the record.

First, I know you won't be surprised to hear that I support a smart card for health services. I've said that publicly before in numerous speeches over the years, and as you also know, it was our intention to move in that direction from the time that I was at the ministry. Unfortunately, the NDP cancelled the computers that were part of our plan and therefore you had lots of ammunition in opposition, and I know you enjoyed that a lot, so we won't get into that today.

I do want to be really clear. Step one must be the protection of privacy and confidentiality, and I have some concerns about your comments regarding the privacy commissioner, because I believe that his mandate and his intention, as he said when he was at the Bill 26 committee, was to support the use of smart card technology and ensure that they had the confidentiality provisions attached to it. I believe that's possible; he believes that's possible; I think he's up to speed. I think what you need to get up to speed is with legislation that will put in place those protections, as he's recommended, and I would require, as your critic in opposition, that that legislation be in place before you implement a smart card. That was our intention as well. We feel that those two go hand in hand. That's the point I wanted to make first.

Second, I want to be unequivocal. Having acknowledged that the technology is there to protect personal privacy and confidentiality and do what needs to be done with a smart card for both better planning and management and ensuring that people are getting the care that they need, a smart card can be very helpful. I think that it also can improve quality of care, because many people forget what drugs they're taking, just as one example, and having that kind of information I think would lead to more appropriate treatment and better quality of care for people when their health providers have that information. That is the primary reason why I support the use of a health card, because I think that it will improve the care that people get. I want to make that point.

But the Liberal caucus, and I, as Health critic and a former minister, oppose absolutely the notion of a Big Brother, all-purpose smart card for the people of Ontario that would combine driver's information, transportation information, health information, Comsoc information, hunting and fishing licences and anything else in one card. I don't think people would mind carrying two cards. That notion of a Big Brother, one huge database is contrary to everything that everyone believes in.

I just want to be very clear: We support a card for health services, and we oppose an omnibus card for all services that go beyond health care; let me be very specific.

If you want to talk about anything else, I'm happy to discuss it. There may be some social services where that would be appropriate; I'm willing to have that debate. But if you come forward with a card that is an omnibus card—"comprehensive" is the word that you used—a single card, we will not be supporting that approach. We feel it is absolutely wrong for you to go beyond health and some limited social services in your approach to a health card. We think that that is an unnecessary intrusion and we're very concerned about the centralization of all of that information and the potential for abuse when you have that kind of system in place. I wanted to be on the record on that.

I do have a question I would like to ask you. I was at a meeting last night and the concern was raised, and just as I've asked you on a couple of occasions to give some assurance, as you did with public health, I'd like you to give some assurance to the community health centres that you support community health centres. Do you, Minister? Do you support community health centres?

**Hon Mr Wilson:** We're reviewing community health centres in the context of primary care reform.

**Mrs Caplan:** That'll not give them any comfort.  
1020

**Hon Mr Wilson:** Well, it doesn't mean you support them or don't support them. I've met with the association. I've talked about cost-effectiveness. We've talked with them about primary care reform.

We have 52 community health centres now. We have 72 health service organizations. We need to assure the people of Ontario that they have good access to primary care and we need a system.

We're supportive of the community health centres we have. We're still funding them. The future, though—we have 14 studies in now with respect to primary care reform, and what we've said is in 1996 we'd like to get moving on primary care reform. The ad hoc way, with HSOs and CHCs and many other sorts of things we have going on all over the province, is not solving our physician distribution problem, which is the number one problem for me personally in this government. When just outside of Toronto you start having a problem, it's no longer a northern Ontario, faraway problem, it's a problem that's increased by some 30% since 1990. We now have some 70 communities under the underserved area program. That's up 30% since 1990. The problem's getting worse, and that's with things like CHCs, more CHCs, coming on line.

But the concept of multidisciplinary teams and all the good things that CHCs stand for, I'm certainly supportive of that. We want to do it in a broader context, though, of the province, and we've made no determination exactly how primary care reform is going to look. The next report to come in is from PCCCAR, which is the provincial advisory committee on academic health science centres. I think I've got it—something like that; it's a long one. They met on Monday of this week. They're just about ready to report too, and I can assure you that



they're taking community health centres, health service organizations, rostering, all that sort of thing into account, and we'll have to see what sort of big picture is presented. The end of April, perhaps May, to be realistic, we'll have a synopsis together, we hope, of all the different primary care reports, including input from the community health centres.

**Mrs Caplan:** Again, I'd like to say that I'm very supportive of primary care reform, but I believe that within primary care reform there must be a continuing role for alternative delivery mechanisms, and community health centres, which have made an enormous and important contribution in this province, I think should be recognized. I think they deserve to have some comfort that they have a role and be assured of stable funding and a recognition that they are unique, because they not only have a multidisciplinary approach, but they also have a mandate to deal with the determinants of health, which I think is an extremely positive influence in primary care. They are also a place where health and community services have been able to come together in the delivery of primary care services.

So I'm a little distressed that you are not prepared to acknowledge that there will be a continuing role and not have a one-size-fits-all type of solution that would see community health centres not supported. I would like it today if you would acknowledge the important role they have played and give them some confidence that they have a future and that you will assure them of stable funding and that you support their role of dealing with the determinants of health and the areas of health promotion and disease prevention, because they have served communities that are hard to serve.

**Hon Mr Wilson:** We certainly acknowledge the valuable role that the 52 centres are playing now. Again, it's incumbent upon us to finally get in place—and you and I both talked about the lack of the blueprint for health care in Ontario. Primary care reform is the absolute rock-solid foundation on which we must build that blueprint, and it would be premature of me to say to any one of the hundreds of groups out there, who all have their own thing going, much of it very good in providing daily services to the people of Ontario—premature to sort of single out one segment right now without getting the bigger picture. And you're absolutely right: It won't be, can't be and would be impossible to implement if it was a cookie-cutter approach. So primary care reform is looking at the different populations in the province and the different needs and cultural needs and sensitivities.

What I need some time and some understanding from you is to put—many of these reports, I mean, the 14 we have are the recent ones, but reports go back to the 1970s, if not earlier, 1968. If you went to the library and asked for them all, there's shelves of them. We need to put a comprehensive piece together to take to the public, and to the providers, including community health centres, to say: "Here's the basis of a plan. Let's work on fine-tuning it, and let's start implementing primary care reform in this province."

**Mrs Caplan:** I have no hesitation in recognizing the need to develop a system. I have no hesitation in supporting the need to have primary care reform. But I think it's

important, Minister, that you give a message which will give some confidence and some stability. I'm going to underline the word "stability" because while you are implementing and making changes and talking about what you're going to do, that chaos provided by statements that do not provide assurance and stability that you have a future, I think, has an impact on patient care, because when morale is affected and people are worried about the future, they do not respond as appropriately as if they have some sense of security of what the future holds.

I think people can deal with change in an environment where they know that they are going to be a part of the solution. Given the leadership and innovation that we have seen in community health centres and in that movement over the last 20 years, surely you should be able to say that you envision a role for them to give them some stability and some assurance that, as you move in primary care reform, you're not going to see community health centres in jeopardy. You can't give them that assurance that you think they're important, that they've done a good job and they have a role?

**Hon Mr Wilson:** I've been perfectly honest with you. We're looking at the whole picture and we'll be certainly taking their role into account. Nobody is under the impression that the status quo is maintained in all of our systems, so the challenge to community health centres and everyone else is to inform us how they best fit into the vision of primary care reform which is being developed. My understanding is that's exactly what they're doing.

**Mrs Caplan:** Well, just to put it on the record and be absolutely clear—

**Hon Mr Wilson:** I'm not even sure, frankly, Ms Caplan, exactly what their total vision is going to be either, so it's one of many pieces. It's a little premature.

**Mrs Caplan:** I understand. I want you to know my perspective because I'm aware of this and I know that community health centres, because of their innovation, because of their different approach, because of the fact that doctors are on salaries and are accountable to boards in community health centres, which is a very different model of primary care in Ontario, have been a thorn in the side of the establishment since they were begun some 20 years ago, and from time to time they have had more or less support, depending upon the attitudes, frankly, of the minister. If a minister has supported CHCs, they thrived and expanded. If ministers did not support that approach and preferred instead the traditional fee-for-service medical model, they did not thrive. The reality is they survived. They survived all of those different ministers and all of those different attitudes and have made an enormous contribution in this province.

I would urge you, as part of primary care reform, which I support, that you ensure a role for those who have done great service to this province by providing a model that has served the most vulnerable and disadvantaged and hard-to-serve extremely well, and that those people not be placed in a situation where their future is threatened because of your desire to accommodate the wishes of those who, for years, opposed the community health centre movement. I want to be very clear that you understand their concerns. I think they are real. I am also

very sympathetic to your physician manpower and maldistribution problems.

I believe that the community health centre model, particularly for rural communities with smaller populations, is a very viable model because it allows you to incorporate nurse-practitioners and others as part of that team in a community where, in a rostering system, the population could not support more than one physician. That guy is going to get burnt out and he or she is not going to want to stay there, whereas a community health centre model I think can be very supportive and can be an important part of a primary care system and primary care reform to meet some of those issues of how you encourage physicians to serve rural and northern communities.

I also want to go on the record as saying that I'm very concerned about your approach with billing numbers because I think that creates a chill. When I say "a chill," you will have exactly the opposite effect. We heard yesterday one of my NDP colleagues, Mr Bisson, saying that you want physicians to come and stay. Well, I want to go on the record as saying that I oppose the shanghaiing of doctors. People want to be treated by doctors who want to be there, and unfortunately the reality of small towns and northern towns is that they have had trouble attracting and keeping.

1030

I think we can solve the attracting problem but I think that doctors must have freedom. If they have other opportunities across the province, they must have that opportunity to move around. We should not say, by billing number, that you are restricted to one area or that geography says you must go there and stay there, because I don't think the community is going to get good care from somebody who doesn't want to be there.

I think that life in rural communities and northern Ontario can be very attractive and can be made attractive, but you're going to need the professional supports which technology now permits and you're going to need the kind of supports that are possible through continuing education and contact with larger urban centres. But you're also going to need the support of other members of the team, because in small towns you get burnout if people are working 24 hours a day, seven days a week.

So the community health centre fits, I think, very well in responding to that and I'm therefore very concerned about your approach with billing numbers because I think it sends out all the wrong messages. I think they are unnecessary and that there are much better solutions and responses. Frankly, my view is that the rostering option and primary care reform should mean that billing numbers are reduced.

**Hon Mr Wilson:** Exactly. I've said that—

**Mrs Caplan:** So why you left them in Bill 26 is beyond me, since you have everybody agreeing to rostering.

**Hon Mr Wilson:** Well, not everybody's agreeing. If it was that easy, we would have done it.

**Mrs Caplan:** When you get the OMA agreeing to rostering—let me tell you, as a former minister, if the Ontario Medical Association had agreed to rostering, I would have—

**Hon Mr Wilson:** I read the book you gave me.

**Mr Joseph Cordiano (Lawrence):** You would have done it a long time ago.

**Hon Mr Wilson:** I shouldn't have said that publicly. That's the worst thing I've said in two days. I read the book you gave me.

**Mrs Caplan:** So that's a real advance in thinking. I think it is a positive move and I'm pleased to see the Ontario Medical Association supporting the concept of rostering, but I believe that community health centres fit within that concept as well. I just want to make that point.

**Hon Mr Wilson:** Sure. I agree with just about everything you've said. First of all, to make it clear for the record, we're not in any way looking to destabilize the 52 community health centres we have now. They came to Bill 26 and I was disappointed in some of their comments, because certainly in the discussions we've had with them, both myself personally and as a ministry, they understand that we are moving primary care reform and they are, I hope, going to continue to use their time constructively to tell us how they fit into the future of primary care.

Rostering is not—there are pockets of health providers, physicians, talking about it, and frankly all of the reports talk about it. The big problem, I suppose, without a comprehensive information system, that I question in all of the reports, and not allowing user fees under the Canada Health Act—Dr Wendy Graham's report, for example, the most recent one from the OMA—

**Mrs Caplan:** I don't support that.

**Hon Mr Wilson:** It's very difficult and I'd be interested in anybody's solution to this, because nobody has a solution to this.

Her report, for example, says if you go outside of your rostered area—and maybe you could have two rostered areas, where you work and where you live—you should pay a fee, much like going outside of your managed care system in the US. If you don't make prior approvals or prior arrangements, you should pay a fee. Well, that's illegal under the Canada Health Act. So once again with the OMA, as we've had with so many discussions, that part unfortunately needs to be solved.

They talk about contracts with the roster group, whether it be a community health centre or a physician group practice or whatever. How do you get consumers, other than using moral suasion I guess, to stick to their end of the bargain, which is, you're contracted for the vast majority of primary care services with a group practice?

So that's the debate, and I'd be open to any solutions on that one. Otherwise, I think we could go ahead with pilots on more rostering. Remember, we have health service organizations now that have that model, that do roster patients, who are paid on a per capita basis for the services that they provide. I'd appreciate any help.

**Mr Martin:** I would like to also say that I support some of the comments by the Liberal member regarding the reallocation of doctors and the problem that we have in the north, but that's not what I wanted to—

*Interjections.*

**Mr Martin:** Are we ready?



**Hon Mr Wilson:** I'm sorry. Getting some free advice.

**Mrs Caplan:** That wasn't on the record.

**Mr Martin:** That's good. I think you've got some good ideas, Elinor, and you should let him have the advantage of them.

I just want to go back to the line of questioning I was on before because I have some real concern that, as a government, Mr Wilson, you folks really don't have any idea of the trauma that you're causing, of the stress that you're creating and of the damage that is being done to the fabric of Ontario as we know it by the decisions you're trotting out each day that goes by now. I suggest to you that even though you don't have any benchmarks in place, you don't have any formula that you're looking at or any points of reference to look at, they're going to happen for you anyway and you should be paying attention.

One of them, most obviously, here in Toronto, because this is where most of the people in Ontario live and where, more and more, a lot of the people who live outside of Toronto are coming to because you're taking away, by way of your approach to government downsizing and not stimulating the economy, at this point anyway, any opportunity for jobs to be retained or to be created or any diversification to happen. So people are coming to Toronto.

They're coming from the Sault, they're coming from Timmins, they're coming from Thunder Bay and points in between to Toronto to look for work and to look for a better opportunity. But when they get here, they find that it's even more difficult here to keep body and soul together and to find a place to live that's decent. So we are beginning to see indicators that your program is not having the effect you suggest in one of the statements you made to me here at the last round, which is that "we're doing everything in our power to bring new prosperity to the province."

A month or two ago we had three people freeze to death on the streets of Toronto. Before that, we had the numbers of people sleeping and lying on the streets of Toronto at night increase. It's obvious as you walk around that this winter is different from last winter by way of the numbers of people who are now sleeping on our sidewalks and on our park benches and on our grates. That has to indicate something to you. That has to tell you something. That has to mean something to you if you have any kind of heart at all.

Then we have three of those people freeze to death. You can write that off to, you know: "That was their choice. They chose to sleep on the street. They could have chosen to sleep someplace else." We all know that most of the people on the street today are victims of both an earlier time and the fact that you've now, by way of your cutbacks, put pressure on the system such that, for these folks, their health—and that's what we're focusing on today, their health, their mental health—is deteriorating to the point where they've given up any semblance of hope of ever having a decent place to live or ever having a decent income. So they're sleeping on the streets and three of them froze to death.

I didn't hear anything from this government by way of a response to say why this happened or some kind of

program to maybe mitigate that happening again. I know there are lots of volunteer organizations out there that have responded in ways that have been helpful, but this government has not in any obvious way said to the people of Ontario, or by that hopefully to themselves, that we have a problem here, that this is indicating there's more going on than we are willing to see or admit to.

**1040**

Now we have an outbreak of TB. I give all kudos and credit to the fact that after we have discovered that we have TB we're doing all we can. We're bringing in nurses and we're bringing resources to bear on this problem. That's fine, and I give you credit for doing that. If you hadn't done that, there definitely would have been something wrong. But the issue here is that we have the potential for the beginning of a TB crisis in the province. We haven't seen that for a long time. What is that indicating? What is that telling you? What is it saying about the program that you as government are rolling out now? How many of these types of ugly occurrences do we have to see before we begin to determine that maybe we're going too fast, that it's too much, that maybe it's not the right direction to be going? Is it when we have people starving to death on the sidewalks?

At what point, Minister, do you as a government become so alarmed that you do things such as perhaps walk away from your promise re the tax break so that you can begin to spend some of that money on some of the programs that are so important to the people of this province, so that they can keep themselves healthy enough to be able to participate in the new economy that you propose is going to happen somewhere down the line as you implement your strategy and your agenda?

**Hon Mr Wilson:** I appreciate your comments. I would say, though, that anything I've studied on the problems of an indigent population or homelessness in our society is that these problems, Mr Martin, in all fairness to this government and to the people who have been working on these problems for years, take years to manifest themselves. People develop mental illness, which is often the root cause. They're not poor, some of the reports will indicate, certainly out of choice; they're poor because they're unable to make those daily decisions. A large number of them suffer from schizophrenia, for example. They take years to manifest themselves. You don't necessarily just end up on the street overnight.

For example, one of things we should get credit for is that we used to give the \$170 shelter allowance to them whether or not the homeless or people on welfare spent it on shelter. We've said that we'll pay actual costs. "We want you to go to a shelter. We want you to find housing, and we'll pay the actual costs rather than just simply give you this lump sum every month." So that was a change in the rules to make sure people did go to the shelter.

You know and I know that it is a very complicated problem. Mental illness has a lot to do with it, and we've not made cuts to those programs. St Michael's Hospital and Queen Street Mental Health Centre both have Get Out of the Cold programs which we fund. So you cannot blame this government; it's a bit of rhetoric to say that we're responsible for increased homelessness. These

problems, as I said, take a long time to manifest themselves.

We have young people who are able-bodied on the streets. I walk home to my apartment every night and I often chat with people down by the YMCA, and why they're on the street is beyond me. Why we had for a short time a problem of homeless people, youth, in Collingwood was beyond that community. The community didn't put up with it, and said: "Fine. Billet at my house." When they said that, they left and went to Toronto. Why, I don't know.

I read a report recently on the deference to authority and suspicion of authority. One of my good friends in Wasaga Beach, for example, is a supervisor at the ambulance and she says, "People call us to go because we have people that sleep on the beach in the wintertime and the summertime in Wasaga Beach"—throughout the province—"they don't want the help." One of the frustrating things for ambulance personnel—by the way, all of that money is intact. The ambulance average response time in this province is fantastic, and they'll spend time on the sidewalk trying to say to people: "Look, you're going to freeze to death tonight. Let's take you to somewhere where you can get help." The deference to authority, part of the mental illness, part of the complicated problem is not something that's solved overnight, but to blame it on this government is I think really unfair, and we do have the programs in place.

TB, for example, is part of the screening of the federal government to do with people coming into the country. As the deputy said, we're working with them to tighten up that screening. TB doesn't necessarily manifest itself in the population; it has to have an origin, and while we thought we had it wiped out in Ontario, we have thousands of new people come in every year and I think we can improve the screening there. So there a number of things are being done.

With our shelter allowance changes, one would have thought it would encourage people to actually find shelters so they could get the money from the government, which is available. We must make it clear that it's still there, it's available and it will be there, because we don't want people to be sleeping on the streets either. I don't know why it appears that there are more people on the street. I agree, but I don't know why. I don't know why young, able-bodied people—I don't think it's the fact that they aren't still receiving the most generous welfare payments in the country.

**Mr Martin:** They're not receiving any.

**Hon Mr Wilson:** If they qualify for welfare, if—

**Mr Martin:** Because you changed the definition, Jim.

**Hon Mr Wilson:** It's a shame that able-bodied young people, 14- and 15-year-olds, are on the streets. It's more than just the welfare system; it's the breakdown of family supports and community supports, and all of us, as I'm sure you'll be the first to tell me, have the responsibility, and a lot of that doesn't take money from government. It takes working in our communities and understanding among people. The charitable organizations are there and playing a greater role than ever. They're certainly rising to the challenge, as are the religious groups. As I said, these are complicated problems, and to blame them all on

this government that's been in office for 9 months is, I don't think, particularly fair.

**Mr Martin:** I couldn't agree with you more that they are complicated problems. They are very complicated problems that, as government, you have a responsibility to work with, to deal with. But to simply walk away from them and pull money out of programs that were being helpful in front of them and to not be dealing with this in a comprehensive, thought-out sort of long-plan way in my mind is quite irresponsible.

Yes, TB is caused by various and different things and it comes from different places, but the fact is that certain social conditions produce the increase in disease. In this instance we have an outbreak in Toronto in the winter of 1996. Perhaps if it had been another government, we might have had the same thing happen, but I don't think so. I think it's more than coincidental.

You've made the most dramatic cuts in the amount of money that people get directly in their pocket, to spend on those things that determine their health—their food, their shelter, their ability to clothe themselves, their ability to participate in the community in some of the very important recreational opportunities that contribute to good health—at a time when you've also removed programs, support programs and the money for support programs. Now you're going to lay off 13,000 to 27,000 of the people who man those programs. To suggest for a second that somehow that's just life as usual or that's just normal for Ontario is just not true.

What you're doing is going to have a consequence, whether you like to admit it or not, and it's going to rear its ugly head. What I'm asking you—and obviously the answer is the same one I got from the Minister of Housing and the Minister of Community and Social Services, "But we're doing everything to bring prosperity to the province, and government shouldn't be spending all this money." That just doesn't cut it.

When you start, in a province like Ontario that's one of the richest jurisdictions in the world, with the ability to provide all kinds of good programs for people—I'm proud of those programs. I'm proud of the way we have looked after people, the way we have become civilized in the amounts of money we give to people who, for one reason or another, mostly because we don't have a full employment policy, find themselves in a situation where they have to avail of that. They end up on the street; they end up dying on the street; they end up getting tuberculosis because they have to access food banks and there's a strain going through there now because of the numbers or whatever. To suggest for a minute that there's nothing out of the ordinary is not looking at the problem straight on and being honest about it.

I'll just give you a little example of what your government is doing by way of the pressure it's putting on delivery agents to people to cause them to end up, in fact, on the streets of Toronto through no fault of their own. We have a guy in Sault Ste Marie who is trying to manage on the reduced amount of money, the \$520 that he gets as a single individual. He owns his house and he pays a mortgage on it. It's a small, very modest little place that when he was working in construction over the years, when there was work in that industry, he was able



to put together. He has a wood stove in there so that it doesn't cost him extra for fuel and he has a little garden in the back that he grows some vegetables in; he's doing the best that he can. But because the welfare office in Sault Ste Marie determined that he was spending more on housing costs than was being allocated for—and at the end of the day, when you looked at his fixed costs versus his discretionary, he had only \$6 left—they were just going to cut him off; just cut him off. Nothing. "You can't live within that, so we're going to give you nothing." I had to phone the welfare office. I had to write a letter on his behalf so that he would get a cheque in March.

How many people have access to a person like myself or to a service like we offer in our constituency office? How many people faced with that stark response from this office, pressured by your government to cut costs, just say, "To hell with it," and move on to the street or move down to Toronto where they figure maybe they'll get a better deal and they find out that they're not?

That's what's causing the problem, Minister. Until you come to the realization that what you're doing is too much, it's too fast and it's causing stress that the system can't bear and begin to do otherwise, my question to you is, at what point do you go to the cabinet table and talk to your colleagues about backing away from the tax break? You can't afford to take that much money out of the system that quickly.

**Hon Mr Wilson:** I would say that I think when government spent less money, we had less homelessness. There are no reports that say the growth of homelessness is directly proportional to every dollar the government spends. Giving families back some money might help to keep them together. One of the number one pressures on families and divorce is financial pressure. I could spend hours probably giving you as many arguments as you'll give me, contrary to your belief.

In my 13 years of public life and six years as a constituency—

**Mrs Caplan:** Nobody thinks that is healthy public policy, and that is upsetting to hear from the Minister of Health.

**Hon Mr Wilson:** Everyone thinks that's public health policy.

**The Chair:** Let the minister complete.

**Mrs Caplan:** It runs contrary to all the determinants of health, what you just said.

**Hon Mr Wilson:** When government spent less money—

**The Chair:** We're running over time, so let the minister complete his—

**Hon Mr Wilson:** The best determinant of health is a job and the dignity of work. Of the five determinants of health, that is number one.

**Mrs Caplan:** And you're laying people off and you're cutting jobs.

**Hon Mr Wilson:** We are going to create jobs by putting money back in consumers' pockets and get this economy going again.

**Mrs Caplan:** Nobody believes that. Every economist says you're wrong.

**Hon Mr Wilson:** You tell me trickle-down economics works. Trickle-down economics doesn't work when you

do a Jobs Ontario program where 40% of the dollar we take from the taxpayers is eaten up in overhead and—

**Mrs Caplan:** It didn't work for Ronald Reagan and it's not going to work for you.

**The Chair:** Let's take a 10-minute break.

**Hon Mr Wilson:**—nothing gets down to the front-line services. We're cutting out the middle man and beefing up front-line services. That's what we're doing. You're wrong, Mrs Caplan.

**The Chair:** A 10-minute break.

*The committee recessed from 1054 to 1106.*

**The Chair:** The Conservatives will continue. Just in watching the clock, their time will be 11:15.

**Mr Preston:** Mr Carr has a question and then I have a question, please.

**Mr Carr:** I'll be real quick then, in light of the time.

Thank you, Minister, for being here. As usual in these processes, I learn a great deal of what's happening. Thank you for the time. Coming from the GTA, as you know, I have a question on the funding that may be available, the \$25 million, for some of the high-growth areas with some of the pressures on there. What some of the hospitals in my area are asking about is, how will that money be allotted, what is the formula and the process, and I think more than anything else, when can they expect that? Because as you know, they're going through the process now. Particularly with some of the unionized hospitals, if there are to be any layoffs, they need layoff provisions and so on. Essentially what they're saying is, "Regardless of what it is, we need to know as early as possible." I was wondering if you could inform us of what the time frame will be, when the hospitals could expect a word on that particular program.

**Hon Mr Wilson:** It's a very good question, Mr Carr. I can inform you that the joint policy and planning committee, which is a joint committee of the Ministry of Health and the Ontario Hospital Association, met recently with the 905 or GTA hospital representatives, representatives of growth areas, because there are other areas of the province also indicating that they would like an opportunity to make a case for part of the \$25 million. We expect by the end of the month that they'll be able to inform hospitals that truly have growth.

One of the things I said recently when I was up in York was, "You may have had a lot of new subdivisions pop up in town, but do the people there actually get the services at that hospital?" In fact, during the meeting, where they had been arguing for a new per capita funding, the administrator actually answered his own question when he informed me that he had met with my hospital administrator in Alliston the week before to complain that anyone living five minutes of Alliston goes to Newmarket. I said: "Well, then, you've answered your own question. Stop telling our MPPs that capital funding is the way to go, because if I then were to give all the Simcoe West money to the Alliston hospital, they'd be filthy rich and not have the patients, because the patients continue to go to Newmarket."

If you have a heart attack and you're in Tottenham, you do not drive for some reason—it's a cultural thing as much as anything. You go south along Highway 9 over to Newmarket, always do. One of my assistants was with me. We got in the car later and he said: "Yes, that's

exactly it. My father had a heart attack two months ago. They live in the Tottenham area and they didn't go to the closest hospital. They drove over to Newmarket, because that's where they shop, that's where they do a lot of things."

So per capita funding has never really been part of it, but I know you understand, because you've brought this to my attention before, that the new funding formulas and the growth formula are to recognize where patients actually go for their services, so patient volume is where the money is to be targeted. Hopefully by the end of March the hospital association and the ministry will have worked out how people qualify and how much they'll qualify for in the \$25 million fund.

**Mr Carr:** Thank you very much, Minister. I'll turn it over to my colleague.

**Mr Preston:** There's something that I have to clear up. I've cleared it up once before. Mr Martin continues to say that every time I ask the question, I get the same answer. Well, it's the same question. Members opposite have blamed the Housing minister for three deaths on the street. They have blamed the Social Services ministry for the deaths on the street. They have blamed you for the deaths on the street. These deaths, as hard as it may sound, are because people are choosing to be there. At the time these people died on the street, there were hundreds of empty beds in fire stations that had made beds available, in hospitals, in hostels. The beds were available. These people chose to be where they were. They made a mistake due to illness, due to mental illness, but they made a mistake, they made a miscalculation. It is not the fault of this government that they made that miscalculation. I would suggest they probably have had this mental illness for five years, 10 years. Who's to blame for that?

The other part of the equation is, when we do something immediately something comes up, it's our fault. TB has been around for many, many decades. In the 1940s it was really a problem in this country, especially in this province. The main sanatorium was in my home town, Hamilton.

**Mr Martin:** What are you going to say when it's starvation?

**Mr Preston:** The starvation of people on the street is because of situations that have developed over a number of years. Those people did not become indigent on June 8. TB did not start on June 8 of last year. I've got a wart on my knee, it's been there for 10 years, but if I get it removed tomorrow, am I going to blame this government because I have it?

**Mr Martin:** Yes.

**Mr Preston:** Am I? No, no.

**Hon Mr Wilson:** It depends, Mr Preston, what side of the House you're on.

**Mr Preston:** Yes, that's correct. The problems that we're seeing, the problems that are coming up today have been around for years. We are trying to cure them, and that is a first.

**Hon Mr Wilson:** Could I respond? Again, there are many ministries working on the problem of homelessness. It is complicated. Your remarks are part of the thoughts that many people have as to the theory why people are homeless. Just going back to schizophrenia and homeless

people who may suffer from that, I remind people that we continue to provide Clozapine and Clozaril. Schizophrenia drugs are distributed by psych hospitals free of charge to patients. Those programs are all still there. Tuberculosis drugs are provided through ministry funding to public health units, free of charge to patients. So those are available, and as the deputy explained, steps are being taken now to make sure they take their drugs—there are three different drugs that have to be taken in combination—to get the people out there to help people, to ensure they take the drugs.

You're right, these problems are not easily solved, but to say that people are starving in Ontario must mean they're starving twice as bad in other provinces where the welfare cheques are half as much. We're not hearing that sort of irresponsible talk. Our welfare payments and cheques each month are still 10% above the national average. People are not starving because of the cuts in welfare; people are finding jobs because of the cuts in welfare. We're enabling the government to pay its bills for long-term prosperity. It's irresponsible to go around saying people are starving.

**Mr Martin:** No wonder we're in difficulty when you as the Minister of Health actually think like that. It shouldn't surprise anybody that we're in difficulty as a province.

**Mr Preston:** Mr Martin, I'm getting a response to my question.

**The Chair:** Oh, I thought he had completed it. Mr Rollins has a question now.

**Mr Rollins:** I've just got one little thing to read into the record today. I didn't realize—and I imagine many of you other people haven't—that today is International Women's Day. I just want to make sure this committee realizes that today.

**The Chair:** I think the Minister of Health has noted that.

**Mr Rollins:** He probably already did, but I wasn't sure that you did.

**The Chair:** Okay, I have also noted that, now that you have commented on it.

**Hon Mr Wilson:** Does Mrs Ross have a question?

**The Chair:** Your time is up. I'll give you one quick question, though.

**Mrs Lillian Ross (Hamilton West):** Just for the record and just to clarify what's happening in my community with the health action task force and its report, it's waiting for public input and then it goes to the district health council. The district health council has responsibility to bring a report to the ministry, but it doesn't necessarily have to bring exactly what's in the task force report. Am I correct in that they can revise it?

**Hon Mr Wilson:** Yes. In your community it's at the community input stage now, and based on what they hear from the community, they are free to revise the report, keeping in mind that the health services restructuring study or the hospital restructuring study is essentially a subcommittee of the district health council, so the final report and recommendations that the ministry considers are the district health council's recommendations.

**Mrs Ross:** Yes, I understand that. Great. Thank you.

**Mrs Caplan:** Just to give Mrs Ross some additional information, the district health councils are advisory only



to the minister. He must accept or reject all or part of their recommendations or report. They have no authority to do anything other than give the minister what they believe. Over the course of history ministers have both accepted and rejected recommendations from district health councils if they thought they were not in the community's interest. The minister does have the opportunity and it is the minister's call as to whether or not recommendations from the district health councils are accepted. That's his responsibility.

**Hon Mr Wilson:** That's the way it was a few years ago, but the Health Services Restructuring Commission will now make those decisions.

**Mrs Caplan:** There's no legislative authority whatever for district health councils.

**Hon Mr Wilson:** Well, Elinor, you're not the Minister of Health any more. The Minister of Health can explain the new process.

**Mrs Caplan:** Where is the legislation that gives the district health councils—

**Hon Mr Wilson:** Bill 26. You're the one who harped at it for weeks.

**Mrs Caplan:** That doesn't even mention DHCs. It was clear in Bill 26 that you said they would remain advisory to the minister. I'm talking DHCs.

**Hon Mr Wilson:** Bill 173 is still intact and it provides for the process that we have in terms of—

**Mrs Caplan:** Bill 173 is long-term care. That's not hospital restructuring.

**Hon Mr Wilson:** The last chapter was district health councils. Both you and I argued that it shouldn't be in there, but it's in there.

**Mrs Caplan:** It's not a legislative mandate. The minister still has to make the decision; he can't get out of it.

Long-term care is what I'd like to do some questioning on. I'm glad you mentioned Bill 173 because it's a good segue. Again, for the record, I support long-term-care reform. I began the process of recognizing that what was out there was a patchwork quilt where you had a lot of assessment going on that I felt was duplication. I also did not support, our caucus did not support Bill 173. We felt that the NDP model which required a multiservice agency to deliver all services was not the way to go. We felt that would end up providing fewer services at higher cost.

For the record, we'd like some clarification about the announcement you've made. You've used words like "flexibility." I think communities across the province would like some assurance that you're not going to impose one model—"cookie-cutter" is the word that you used earlier—and that it's not going to be a one-size-fits-all approach. Would you like to take this opportunity to assure us that the government is going to establish standards, that using the regulatory powers of Bill 173, you can do that to ensure that there are standards in regulation?

The second question on long-term care has to do with the process for the development of those regulations. Will there be consultation and discussion prior to that? Are you planning to amend Bill 173 or just not enforce certain parts of it? Are you going to have a brokerage model only? These terms are understood only by people in the long-term-care field, but there are different models

that have been discussed. The federated model was one; the brokerage model, contract and partnership models as well. Our view has always been that communities should be able to have the model they believe will work best for their community.

I have no difficulty, by the way, Minister, with your 43 boundaries, the 43—

**Hon Mr Wilson:** Community care access centres.

**Mrs Caplan:** Call them what you want. We called them single access organizations. You call them community care access centres. I don't have any problem with that. What's of concern to us is that people will get the care they need when they need it, that those services will be available in the community. Particularly as you move in hospital restructuring, it is going to be essential that those services are in place before there are cuts in hospital services or reductions in hospital services. We believe it's important that people get those services where they can be delivered and can be accessed easily and appropriately. We have never said that everything should be delivered in a hospital and have always said that they can be delivered in the community, but that has to be put in place. That's one of the concerns we have with your cuts to hospital budgets, that they may not be in place because your model for long-term care is not in place. I'd like you to discuss, if you will, what model. Are you going to allow community flexibility, will the standards be in place and are you going to do that by regulation following consultation?

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**Hon Mr Wilson:** To the latter part of your question, we're currently working with all of the groups to develop the standards to continue the work that was started by the previous government on a common assessment tool. That's pretty well done. There is regulatory authority to do what's required to ensure that we can move to accreditation of the services.

It's a good-news announcement that was well received, I think you'd acknowledge. It certainly made sure that the VON and the Red Cross and St Elizabeth Visiting Nurses' Association and the private sector agencies could continue to deliver services in the province. We did take 74 placement coordination services and home care programs. We know we'll see some savings in administration because we're now down to 43 community care access centres. They will be governed by local boards.

**Mrs Caplan:** Could you tell me how those local boards and how that governance are going to work?

**Hon Mr Wilson:** Yes. The first boards will be appointed by the ministry. It'll be like a public hospital board. As soon as that board acquires enough membership—and it'll be up to them in local communities to decide whether it's going to be a free membership, as some hospital boards have, or the \$5 membership, or some sort of signal anyway that you've actually joined that non-profit corporation, as we do with hospital boards now. Then the members of the corporation will vote for their board membership, as they do in hospitals. But in order to get started, the first boards will be appointed by the government.

**Mrs Caplan:** In your original appointments will you give us a guarantee that those boards will reflect the communities they're serving?

**Hon Mr Wilson:** Yes. They have to reflect the community and they are not to have anyone on those boards who may be in a conflict of interest with respect to service delivery. So it'll be primarily consumers.

**Mrs Caplan:** So no employee of the—

**Hon Mr Wilson:** Of one of the provider agencies.

**Mrs Caplan:** That's important to be clear. I support that, by the way.

**Hon Mr Wilson:** An employee of the provider agency cannot run for a position on the board of the community care access centre because—

**Mrs Caplan:** Will you ensure that there's multicultural representation?

**Hon Mr Wilson:** Yes. Again, though, we don't want a cookie-cutter approach. I hope the suggestions for the first few boards will come from municipalities and non-profit groups and for-profit groups.

**Mrs Caplan:** Have you asked them to think about making those kinds of recommendations?

**Hon Mr Wilson:** The DHCs have been doing exactly that and we'll see some recommendations come forward.

**Mrs Caplan:** How soon do we expect to see those boards put in place?

**Hon Mr Wilson:** The first boards are to be up and running by October of this year and by this time next year all 43 boards are to be in place.

**Mrs Caplan:** Now what about the model?

**Hon Mr Wilson:** The model is fairly simple, in terms that the local board has the authority to purchase services from the providers at highest quality, best price.

**Mrs Caplan:** Is that the only model that the board's permitted to engage in?

**Hon Mr Wilson:** Yes.

**Mrs Caplan:** Because that's a brokerage model.

**Hon Mr Wilson:** It is a brokerage system.

**Mrs Caplan:** So it's a one-size-fits-all brokerage. If a community decides they want something else, they can't do it?

**Hon Mr Wilson:** No, no. The flavour of the community is what services they purchase and who they purchase them from, not the board. Yes, there are going to be consistent standards for boards in terms of, "Make sure you reflect the community. Make sure you don't have people with conflict of interest on it," and that sort of thing. But purchasing and providing services for their community is what we're more concerned about, and that will be decided by the boards, what's needed for that community.

**Mrs Caplan:** I think long-term care is probably the best example of how all of us around the table can agree on reform and not agree on how you go about implementing it and doing it. I just want to make the pitch to you that I think it's in the interests of the community within the concept of an envelope for long-term care, within the concept of 43 community—what are you calling them now?

**Hon Mr Wilson:** Community care access centres.

**Mrs Caplan:** That you allow the community to—

**Hon Mr Wilson:** And they're not the same as your single-point access centres and they're not the same as your MSAs.

**Mrs Caplan:**—have the flexibility—these are your own words.

**Hon Mr Wilson:** We didn't just reinvent the wheel here; we really reinvented the wheel.

**Mrs Caplan:** That's the concern the communities have, is that you've reinvented the wheel—

**Hon Mr Wilson:** They love it, Elinor. We got a very positive response.

**Mrs Caplan:** But that you allow some flexibility for communities to say that they would decide whether it's a brokerage model or a federated model or another model, and maybe in some communities they want to opt for the model of the—

**Hon Mr Wilson:** The federated model is not on, because the federated model that we had discussed when I was in opposition and that I've since changed my mind about would have had providers deciding what providers. I guess that didn't get us any further ahead than some of our home care programs now where we're told there's conflict of interest. We wanted to remove any conflict of interest.

**Mrs Caplan:** I think you can remove conflict of interest and still have federated models. I think that those kinds of conflict rules can be clearly identified.

**Hon Mr Wilson:** But you know all those provider groups where we did extensive consultations and true consultations, and this does reflect much of the consensus that we heard. Helen Johns, the parliamentary assistant and MPP for Huron, did an excellent job of having numerous meetings with all of the groups, providers and consumers, that had expressed an interest, so that's where the model evolved from.

**Mrs Caplan:** I want to tell you that I support long-term-care reform. I think your announcement was greeted positively because people want to see you get on with this. It's important that it be done, particularly in the context of hospital restructuring. But do not assume that that support is for a cookie-cutter approach. It is not. Communities would like some flexibility to be able to do what's going to work in their community and not have it mandated by Queen's Park and the Ministry of Health. They'd like some flexibility. They'd like you to consider that. They believe that it is possible.

**Hon Mr Wilson:** It's not only to consider that; that is the policy.

**Mrs Caplan:** So what you're saying is, there's no flexibility; that's the policy. It's a brokerage model.

**Hon Mr Wilson:** Excuse me.

**Mrs Caplan:** Under your brokerage model—

**Hon Mr Wilson:** Excuse me. Sorry. I just said that is the policy: flexibility, local community.

**Mrs Caplan:** So that it doesn't have to be a brokerage model. If they come to you and say, "We think something else is better for our community—"

**Hon Mr Wilson:** A federated model's not on the table because of conflict of interest, and we have agreement.

**Mrs Caplan:** But another model or option that they want to come forward where they could resolve the conflict issues, are you prepared to consider that?

**Hon Mr Wilson:** Sure. I'm willing to consider it.

**Mrs Caplan:** Good.



**Hon Mr Wilson:** The essential thing is, boards will purchase services.

**Mrs Caplan:** And they want that.

**Hon Mr Wilson:** People will deliver services. This isn't any more complicated than that, Elinor.

**Mrs Caplan:** I understand. I'm just expressing to you some of the concerns that have been expressed to me and the concern that you have not been open to consider other models. If they came to you with something that met your criteria—

**Hon Mr Wilson:** We spent four months of locking ourselves in a room with all the providers and consumers and saying, "Let's come up with a consensus."

**Mrs Caplan:** I hear what you're saying. I'm telling you what I'm hearing, and the fact that you have said clearly on the record that you would consider a proposal from a community I think is positive, so let's not fight about it.

The point that I would like to make is, you referred to VON and the Red Cross and some of the other not-for-profit organizations that have a huge volunteer component and following and support, and I've been very supportive of their role. They were threatened by the previous NDP model, I believe and you believed at the time, but frankly I think they're threatened under your model as well. When you create what you call a level playing field, and you know that those organizations have higher wage rates, my question to you is, how are they going to be able to compete? Where will the balance be to ensure that those organizations which, through no fault of their own through collective bargaining, have ended up with higher wage rates—how are you going to ensure the survival of those organizations, which you and I agree are important in the delivery of long-term-care services?

I agree that the 80-20 rule was inappropriate and wrong, but I have to tell you, I think you are threatening important services and organizations in communities by insisting that the only criterion be the level playing field.

**Hon Mr Wilson:** We worked very closely with Gail Murray and the VON and the Red Cross and their representatives. There is a transition period. We will continue to subsidize those organizations at the higher rate at least for the next couple of years until they can get their wage settlements down.

But, yes, we are not threatening them, we are challenging them. Gail Murray said at a Mike Harris policy forum on health care in Ottawa on December 5, 1994, that the VON can compete with the best of them. A lot of their discrepancy in wages—I shouldn't say a lot; some of it—has to do with government policy, so it's not the VON's fault. It's pay equity and other things that put them out of whack. But in the name of the taxpayers, when you have other people—and there are some 1,200 agencies out there. Many of them say, "You set the quality standards," which we've done. "You set the performance standards," which are being developed. Before services are purchased, before tenders are put out or a request for a proposal is put out by the community care access centres, all of that will be in place by October. "We can compete and deliver the same service with the same high quality," and it's outcomes, I think, we all agree on.

1130

The fact of the matter is, the VON has indicated to me very clearly they're prepared to meet that challenge provided there's a transition period, and so we've agreed to a transition period of up to a couple of years. They may need a little bit longer than that in some areas. In some areas they're ready to go now. In some areas they're the only game in town and they're serving remote areas, other areas that the private sector wasn't interested in because they couldn't compete as well, and I'm sure they'll do very, very well. I was even told in some areas they may be the only one that applies for the tender.

**Mrs Caplan:** It's the view of our caucus that long-term care will be best served if you have a vibrant not-for-profit sector, with all of the richness and volunteer base that they bring, and a vibrant private sector. They tend to challenge each other. What we're concerned about, as you go through your transition, is that you not penalize the women—primarily women—who are working in the not-for-profit sector with job loss in your desire to drive wage rates down, because that's the fear that we have when you talk about you're only going to subsidize for a couple of years.

**Hon Mr Wilson:** That's a very unfair characterization of what we're doing, Elinor, and we're not—

**Mrs Caplan:** I thought you just said that.

**Hon Mr Wilson:** You can't say that you want vibrant not-for-profit and private sectors—

**Mrs Caplan:** You just said that.

**Hon Mr Wilson:**—so they can challenge each other and then not have some competition, and competition means some will win the tenders, some will lose the tenders. That's life.

**Mrs Caplan:** I just want to go on the record very clearly as saying that I think we are well served when neither sector has a monopoly. That's been the Liberal Party's position. Whether it came to long-term-care services or child care—

**Hon Mr Wilson:** Competition.

**Mrs Caplan:**—we believe that both of those sectors bring—

**Hon Mr Wilson:** But you can't guarantee and I can't guarantee there won't be job displacement.

**Mrs Caplan:**—a vibrant and a different approach to service delivery, and your role is to make sure that the quality standards are there.

**Hon Mr Wilson:** But in the same breath—and again I keep challenging you on your sentences.

**Mrs Caplan:** I am very concerned—

**Hon Mr Wilson:** In the same breath you can't say that—

**Mrs Caplan:**—that you not bring in policies—

**The Chair:** One at a time, please.

**Mrs Caplan:**—that are going to jeopardize that important volunteer base in the community. As long as you keep that in mind. We'll be monitoring and watching to see what the impact is.

**The Chair:** Thank you very much. Mr Martin now. You have the opportunity of wrapping up. This will be the last presentation before we have the votes.

**Mr Preston:** The anchorman.

**Mr Martin:** I want to challenge the minister again and I want to challenge the members across the floor to really take a long look and a second look at what it is that you're doing as a government in Ontario today and the trauma and the stress that you're imposing on the communities that all of us represent: the people, the jobs, the economy, the services that we've all come to depend on and rely on for our health, the health of our neighbours, both economic and social, and the future of this province for our children.

You've brought in an agenda that, yes, is based on a philosophy that we can do better with less, and I don't think anybody will disagree with that. As a government, we were struggling with that and had in fact a program. We all remember the social contract. Some of you will remember debating the expenditure control plan that we were involved in. We saw ourselves, and we presented it during the election, getting to a point of balancing the operating side of the ledger in this province by the year 1997.

**Mr Carr:** You weren't even close.

**Mr Martin:** We were close. Our numbers were certainly a lot closer than yours have been. Are you telling me, Gary, that your numbers were close? Are you telling me that you—

**Mr Carr:** Nine billion is close? You wrestled the deficit to the ceiling.

**The Chair:** One at a time. Direct your comments to the Chair.

**Mr Martin:** Are you telling me that any of your numbers have worked out so far in your short term? Any of your numbers?

**Hon Mr Wilson:** Yes.

**Mr Martin:** No, none of them. Absolutely none.

**Hon Mr Wilson:** We've got two economic statements—

**Mr Martin:** Absolutely none.

**The Chair:** Gentlemen. Order.

**Mr Martin:** They told us that they were going to balance the budget within two years.

**Hon Mr Wilson:** We changed the books so they're actually honest.

**Mr Martin:** Then they told us, "We might do it by the end of our term." Now we're being told, "We'll have to get a second term if you want us to really balance the budget because the numbers were a little, you know."

**Mr Carr:** You would have to have another century, the way you guys were sailing.

**Mr Martin:** "We had to bring in a whole new set of accountants and, you know, the ground is shifting and we have to do a little more here and there," and all the rest of it. We had shown, Mr Chair—

**The Chair:** You have been doing fine; we're on the last stretch.

**Mr Carr:** Sorry, Mr Chair, I think it was me. I apologize.

**The Chair:** Don't make my job difficult now.

**Mr Martin:**—in the figures that we presented, because we separated, as we do in any household, the capital expenditure, which is long-term investment, from the operating. It's like the mortgage and the car are out there as a debt factor and we had the operating side.

**Mr Carr:** You had a mortgage for Rosedale with an income that was based in Oakville. You can't live in Rosedale if you don't have the money. I want to move there, but I can't afford it.

**The Chair:** Order, Mr Carr.

**Mr Martin:** We suggested that we could balance the operating side of the ledger. You know, it's funny. Whenever somebody is feeling guilty about something, their immediate reaction is to go on the defensive, and this is what's happening over here.

**The Chair:** I think you should direct your comments to the Chair. They won't go so much on the defense.

**Mr Martin:** Obviously, Mr Chair, I've touched a raw nerve over there, and hopefully they're listening to what I have to say because it's important. If you look at the indicators that we're beginning to see pop up in spite of all the good work that's been done to try and keep them down and to paint them as different or to present a different scenario than what is actually happening by this government, because they're masters at that, it's still coming to the fore and people are beginning to recognize that we have a problem and it's not going to go away.

**Mr Preston:** They recognized that last year.

**Mr Martin:** We had suggested that we could balance the operating side of the ledger before 1997. This government suggested in the election that they would balance the whole thing in two years, then in four years, and now we're into another century before they'll in fact do that. In fact, what we're finding out is—

**Hon Mr Wilson:** They said fully balanced budget in three years.

**Mr Martin:**—that they don't have a plan that has any credibility to it. By what they say, "doing better for less," what they mean is actually trying to get as much money as they can into a pot so they can divvy it out to their friends and supporters by way of the tax break.

**Mr Preston:** Nobody's going to reject them.

**Mr Martin:** The indicators that tell us that something is wrong—

*Interjection.*

**Mr Martin:** You're obviously going on the defensive again, Mr Wilson. You've been touched by what I'm saying; it's bothering you. It's bothering you. It's touched a nerve, and I understand and respect that, but it's time somebody touched a nerve.

**Hon Mr Wilson:** Because for too long, for 20 years, you've been allowed in your party—

**Mr Martin:** Mr Chair, do I have the floor?

**Hon Mr Wilson:**—to change the vocabulary of this province. We're not taking it any more, Mr Martin. Surprise, surprise, surprise.

**The Chair:** Mr Martin has the floor.

**Hon Mr Wilson:** You know, it's time people that have the historical facts spoke up in this province.

**The Chair:** Could I have one at a time. Please, order. Could I have some order. Mr Martin, you have another 10 minutes in which to state your case.

**Mr Martin:** Thank you. I hope you don't call a 10-minute recess because the minister can't contain himself.

**Mr Rollins:** Don't ask such hard questions.

**Mrs Ross:** He doesn't have a question.

**Mr Martin:** I do have a question.



**Mrs Ross:** Where is it?

**Mr Martin:** It's coming. You have to have a little patience.

In northern Ontario, this government has cut back on the budget to maintain highways. We've had more people die on highways in northern Ontario this year than in the—

**Mrs Ross:** This is the Ministry of Health, not Transportation.

**Hon Mr Wilson:** We're spending \$23 million a year more on highways than—

**The Chair:** Allow Mr Martin—

**Hon Mr Wilson:** Because of the snowfall, Mr Martin—

**Mr Martin:** That's just not right.

**The Chair:** It is his time.

**Hon Mr Wilson:** We're going to end up spending more because of the heavy snowfall than you spent last year or the year before. That's a fact.

**Mr Martin:** Mr Chair, this is indicative of the way that this government deals with anybody who challenges its program. They try to talk you down and bully you out of your position and intimidate you. Well, I'm not going to be intimidated, Mr Wilson.

**Hon Mr Wilson:** Well, neither am I.

**Mr Martin:** I'm going to put on the record the truth of the matter.

*Interjection.*

**The Chair:** You'll have a chance to respond.

**Mr Martin:** I've seen it happen too much. Is the minister going to allow me or is he—

**The Chair:** I will allow you.

**Mr Martin:** Okay. We've had more deaths on the highways of northern Ontario this winter than we've had in a long, long time, and that comes back as a cost to the health care system.

**Hon Mr Wilson:** You're not blaming our government for deaths on the highways, Mr Martin.

**Mr Martin:** This government—

**Hon Mr Wilson:** You're not blaming our government for deaths on the highways, Mr Martin. I'm not putting up with that on behalf of the government.

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**Mr Martin:** This government, instead of—

**Hon Mr Wilson:** Where are your facts? We're spending more money on snow removal.

**The Chair:** I may have to extend some more time if the minister continues to interrupt the member.

**Hon Mr Wilson:** I don't expect my colleagues to put up with this any more either.

**The Chair:** Go ahead, Mr Martin.

**Mr Martin:** This government—

**Hon Mr Wilson:** Death is rather a serious matter. You're accusing us of more deaths on highways, Mr Martin. Where are your facts?

**Mr Martin:** Yes, I am.

**Hon Mr Wilson:** Well, you better back that up, because if this wasn't Parliament, you'd have to back that up.

**Mr Martin:** This government, instead of dealing with the fact of more deaths on the highway this winter than there have been in a long time, caused by the cutback in

the maintenance budget of highways in northern Ontario, decides in its wisdom to just close the highways down. Whenever there's a major snowstorm in the north, where in previous years we'd bring out more plows and more personnel, this government now closes highways.

**Mr Preston:** On a point of order, Mr Chairman: Continuously we've been told in the other budget meetings that the airplanes have to be in the airports because the roads are continuously being closed down.

**The Chair:** That is not a point of order. Don't make my job difficult.

**Mr Martin:** So they closed down highways. Anybody who lives or does business or travels in northern Ontario knows there's a serious problem, that we have a problem here that we've never met before.

**Hon Mr Wilson:** It's called a very heavy snowfall this year, record snowfalls. The police closed highways.

**Mr Martin:** And it's coincidental that it's happening at the same time as we have this new government in place that has decided to suck money by the bagload out of the public expenditure of this province so they can give it to their wealthy friends and supporters by way of a tax break.

We've had three people on the streets of Toronto—because we have more people on the streets of Toronto sleeping on sidewalks and grates and park benches than we've ever had in the history of the province before—freeze to death.

**Mr Preston:** We have more beds than we've ever had before in history.

**Mr Martin:** Freeze to death, Mr Preston. Does that impress you?

**Mr Preston:** We have more beds than ever before in history.

**Mr Martin:** It's coincidental that we have a Conservative government in this province that is sucking money by the bagload out of the programs and services that supported these people in previous years. We now have indications that we're on the verge of a TB crisis in the province.

**Mrs Ross:** There isn't any crisis.

**Mr Martin:** Granted, some work's been done now to try to mitigate that, but we have the problem. We've detected that in the soup kitchens and in the hostels and in the food banks of the province. On the streets of Toronto, the biggest city in the richest province in the country, we now have TB.

**Mr Preston:** We've had it all along.

**Mr Martin:** The question I have—and this is my last question. I'm not going to make any more comments today, because I think this says it all. The question I have is to the minister and to his colleagues across the way: Tell me what it is that has to happen in this province for you to go to the cabinet table and go eyeball to eyeball with Mr Eves and Mr Harris and say: "Listen, we made a mistake. Let's back off the tax break here and let's—"

**Mr Carr:** How about, "We don't believe there is a mistake"?

**The Chair:** Order, Mr Carr.

**Mr Martin:** I'm asking you, Gary, what it is that has to happen? What is the indicator?

**Mr Carr:** Nothing. That's what's going to create the prosperity, the hope and the opportunity that you

destroyed by taxing and spending, not only this generation but my kids, and we're not going to put up with it any more.

**Mr Martin:** More people will die, disease will become rampant and people will sleep on the streets of the richest city in the whole country. All of those things will happen and continue to happen, and more, and none of them will make an impact on your agenda, which is to take money out of the system and give it back to the rich of this province so that they might in turn—

**Mr Carr:** And let them spend it in the way they want rather than have the government spend it for them.

**Mr Martin:** Invest it—

**The Chair:** Are you completing your question?

**Mr Martin:** No, I'm not—invest it in Bermuda and Barbados and buy another yacht and go for another vacation to Florida.

**Hon Mr Wilson:** That was the GO Transit deal with your government.

**Mr Martin:** The question I have, Mr Chair, is very simple. What is it going to take? What is the indicator that will tell this minister and his colleagues here, after having listened to me, that you're making a mistake, you're hurting communities, you're hurting people, you're hurting the province in a way that is absolutely irretrievable?

**Hon Mr Wilson:** Mr Martin, 80% of the tax cut goes to the middle- and low-income people in this province. That is good news for families, it is good news for our society and it reverses the trend of taxing people to death in this province.

**Mr Cordiano:** That's a false statement.

**Mr Martin:** It's not what the numbers are saying, Mr Wilson.

**Mr Cordiano:** That's a false statement. Correct the record.

**Hon Mr Wilson:** That's exactly what the numbers are.

**Mr Martin:** It's not what the economists are saying.

**Hon Mr Wilson:** If you take the tax cut—

**The Chair:** One at a time, please.

**Hon Mr Wilson:** In earned incomes below \$50,000, 80% of the tax cut goes to those people with earned incomes below \$50,000. You selectively leave out—

**Mr Cordiano:** You actually believe this stuff?

**The Chair:** Order, Mr Cordiano.

**Mr Carr:** The bulk are the middle class.

**The Chair:** Could we have the minister?

**Hon Mr Wilson:** You're selectively leaving out page 2 of the Common Sense Revolution which talks about the fair share health care levy that makes sure the tax cut is targeted primarily to people below \$50,000 a year. If you want to continue to talk in isolation, as you do with operating and capital budgets—nobody else in the world does their budgeting that way any more. It was a trend for a little while in accounting, but it's certainly been dismissed by the auditor of this province.

**Mr Cordiano:** Why would you give something and then take it away?

**The Chair:** Mr Cordiano, let the minister complete his response.

**Hon Mr Wilson:** It is a fact, and we'll see it clearly as it's spelled out—

**Mr Cordiano:** You're giving it and then you're taking it back.

**Hon Mr Wilson:** Spending and taxing ourselves rich, Mr Cordiano, didn't seem to work very well.

**Mr Cordiano:** It's an in and out routine, and I think it's very inefficient.

**Hon Mr Wilson:** No, we're not going to tax them in the first place. People will actually see a small reduction—you're overblowing the size of it all too—in their personal income—

**Mr Cordiano:** You're talking about having imposed tax, when you're cutting taxes on the one hand—

**The Chair:** Hansard is not picking up anything that you folks are saying because you're all talking at the same time. I'd have the minister just complete his point.

**Hon Mr Wilson:** I'd emphasize to you that 80% of the tax cut goes to people with incomes of \$50,000 and less. Those are the people who are targeted by it. It will be the first true middle-class tax cut in the history of this province and it will create jobs and stimulate the economy.

**Mr Cordiano:** And it won't work. You'll be chasing the deficit.

**The Chair:** Mr Martin, would you like to have your last comment?

**Hon Mr Wilson:** The proof of that is you gave a tax holiday—if you look at Mr Laughren's last full budget, he gave a tax holiday on the employer health tax. His own figures show that that created four or five times more jobs than the Jobs Ontario spending because of the overhead that's eaten up by government before the Jobs Ontario money got to the front lines.

**Mr Cordiano:** What are you talking about?

**Hon Mr Wilson:** So go back and read your own document. Even Mr Laughren acknowledged that giving money back is a more direct way. By cutting out the middleman—government—and simply giving people money back, ensuring they have the money in their pockets at the source every two weeks when they get their cheque is a far more effective way than funnelling it through this big, inefficient bureaucracy and then trying to trickle something down to them. That's all we're doing.

**Mr Martin:** It's obvious, Mr Chair, that this minister and his colleagues here are not at this particular point in time willing to listen to the truth that is unfolding in Ontario today and not willing to recognize the myth of the Common Sense Revolution.

**Mr Carr:** That's exactly what we said in the election, Tony, exactly what we promised.

**Mr Martin:** They continue to promulgate the untruths contained therein.

**Mr Carr:** People voted for it, my friend.

**Mr Martin:** So I would suggest that my colleague Mr Cordiano and I would see it as probably a waste of our time to sit here and ask any more questions because all we get from the minister and from his colleagues is the mantra, the tale that is told over and over again that some of the ministers have now memorized and do a little bit better than others. I suppose that's what we're to expect for this time. But I warn you, Minister, and your colleagues, this is going to catch up with you. It's already



beginning to show its head, the consequence is beginning to show its head. You're wrecking the province.

**Hon Mr Wilson:** It's already showing dividends.

**Mr Martin:** You're destroying the province.

**Mr Carr:** It's your record and you're warning us what to do. You destroyed the province.

**Mr Martin:** No, you're wrecking the province.

**The Chair:** One at a time. Mr Martin.

**Mr Martin:** Mr Chair, the province was doing quite well, thank you very much; 1994 was one of the best years for investment in the history of this province. People were beginning to spend again—

**Mr Carr:** We couldn't stand the prosperity, Tony.

**The Chair:** Mr Carr, just allow Mr Martin.

**Mr Martin:** They were feeling confident and secure about their future, which any economist will tell you is absolutely essential for any resurgence or growth in the economy. Consumers have to be spending. It's not happening now and it's going to happen even less as the agenda of your government unfolds.

**Mr Carr:** You were tossed out because of your record, Tony. The electorate tossed you out.

**Mr Martin:** I would suggest to the minister that he might want to think, in the quiet of an hour or two at home before he goes to bed and he thinks about his past—

**Mr Cordiano:** Pray every night.

**Mr Martin:** —and the people who he represents and his constituents who are being hurt and the debts that we've seen in this province over the last number of months—

**Mr Preston:** I'm sorry, Mr Chair, but I'm not going to listen continuously to—

**The Chair:** It won't have to be continuous. Just about a minute.

**Mr Martin:** —and the disease that's beginning to—

**Mr Preston:** As long as he's going to talk about the deaths in this province caused by this government, I will continue to interrupt him until his time is finished because—

**The Chair:** Which you are out of order to do.

**Mr Preston:** I realize I'm out of order, but I am not going to listen to him blame this government for deaths that are not a part of this government.

**The Chair:** Mr Preston, shall Mr Martin conclude?

**Mr Martin:** The disease that is beginning to rear its ugly head and is beginning to grab our neighbours and friends and to create even more problems for the health care system that is being cut to the bone, that was already dealing with a downsizing, that is now having to deal with more—and no more obviously than in my own community where two hospitals came together and amalgamated and are now doing things in a way that they never have before and now have to absorb another \$3 million cut and another \$4 million next year.

It just doesn't add up, it doesn't make any sense, and sooner or later you're going to have to come to some understanding of the reality that's in front of us and go to your colleagues at the cabinet table and say, "The tax break is and was a huge mistake."

**The Chair:** Thank you very much, Mr Martin. We have come now to the conclusion, an exciting time of the

estimates for the Ministry of Health. I would move into the phase where I shall ask, shall votes 1501 to 1505, inclusive, carry? Carried.

I also have to ask for a supplementary estimate. Shall the supplementary estimate of 1502, item 7, carry? Carried.

Shall I then report the estimates and the supplementary estimates of the Ministry of Health to the House? Agreed.

Mr Minister, I want to thank you for appearing before the estimates committee. Before we go, I just want to tell you when we shall resume and to thank the deputy and the staff for their support and their response. Of course, I will not thank the committee yet. They have more work to do at 1:30 when we resume our committee hearings for the Ministry of Economic Development and Trade, if that's the right title. We'll start at 1:30.

*The committee recessed from 1152 to 1334.*

## MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE

**The Chair:** I call to order the standing committee on estimates. We are reviewing what used to be called the ministry of Economic Development and Trade. Welcome, Minister. It's good to see your wonderful people here too. I think it's 10.5 hours for you, which would take us until somewhere around midnight tonight, but we shall deem it at 6 o'clock.

Minister, you have 30 minutes for an opening statement, then the respective opposition parties also have 30 minutes each for their responses. You may begin.

**Hon William Saunderson (Minister of Economic Development, Trade and Tourism):** Thank you very much, Mr Chairman. I greatly appreciate the opportunity to come before the standing committee on estimates to address members on priorities within my ministry and to respond to your questions.

I would like to introduce some of the staff who have joined me here this afternoon. They include my deputy, Judith Wolfson; assistant deputy ministers Brian Wood, Peter Sadlier-Brown, Peter Friedman and Jan Ruby; Sandra McInnis, vice-president of the Ontario International Trade Corp; my special assistant of policy, Charis Kelso; and special legislative assistant Ian Bacque. I will be calling on them from time to time to provide details to some of your inquiries, if necessary. They bring to the job a deep understanding of the issues impacting on economic development in our province. Their representation here today also demonstrates the significant scope and important responsibilities residing within what is now the Ministry of Economic Development, Trade and Tourism, a wide range of matters dealing with such issues as trade policy, international relations, telecommunications, investment marketing, science and technology, sector development, entrepreneurship and small business development, and of course the important area of tourism, Ontario's fourth-largest export industry.

Additionally, the ministry oversees the operations of more than 20 agencies, commissions and corporations, involving such diverse and important economic considerations as aerospace, research and development, industrial parks, tourism attractions, casinos and historic sites.

My ministry plays the lead role in economic development within our province and is responsible for coordinating economic development activities of other ministries. It has also assumed the responsibility for corporate relationships and marketing of Ontario to the international business community. So there's much to discuss.

I think, though, it is worth noting that many of us here today are going through the estimates process for the very first time. That's an exciting and challenging position to be in, and it's somewhat ironic since I find myself charged with the responsibility of "defending"—if that's the proper expression—the estimates of my predecessor.

In light of this unique assignment, I thought there might be value in reflecting upon the changing role of government in Ontario in recent years and indeed throughout the democratic world, particularly as it applies to economic development and how it impacts on the work of my ministry.

The post-war years of unbridled growth have clearly come to an abrupt end. Government revenues that supported our astonishing development in Ontario through the 1950s, 1960s, 1970s and 1980s—the construction of schools, universities, hospitals, highways, transportation systems, energy networks, infrastructure of all kinds—long ago fell behind demands.

By the 1980s, government was trying to be all things for all people. Government grew and continued to grow. Government became large and extremely expensive. It could not be sustained. We are now faced with the difficult challenge of getting our fiscal house in order. We simply cannot afford to spend our way to prosperity. As late as last summer, we continued on a downhill course and, as an old Chinese proverb has warned, the trouble with not changing direction is that you usually end up where you are headed.

We have come slowly to this realization. The awakening occurred in recent years as our public deficits and accumulated debt spiralled into the billions. Across this continent, across Europe and beyond, governments are being redefined. They are being scaled down. They are being made more efficient and less intrusive.

This changing role of government has been the subject of much observation and analysis in recent months and years. And nowhere has the change been more evident and dramatic than in Ontario, where nine months ago to this day the people of Ontario voted in favour of the program outlined by Mike Harris in the Common Sense Revolution.

In a nutshell, the people of Ontario opted for a much less intrusive, less costly and more efficient government, one which could get the economy working again and reopen the province for business and jobs growth.

As I studied the estimates of my predecessor, they crystallized and reinforced my view of how not to govern Ontario. The former government might well have been well-meaning in the programs and services it developed and implemented, but I think the record shows that it was sorely wrongheaded and misdirected.

You find within the estimates of what was then the Ministry of Economic Development and Trade factors which contributed to our current economic distress. Simply put, we had mortgaged our present and placed our future in jeopardy.

I need not remind the members that we now face an accumulated debt approaching \$100 billion and an annual deficit of in the range of \$9 billion. As Finance minister Ernie Eves has told us, we are spending \$1 million an hour more than we are taking in in revenues.

How did we get to this point? Well, we got here because previous governments considered the public purse to be bottomless and adopted bureaucratic solutions to economic challenges. They believed that government could create jobs and consequently used vast sums of public dollars to buy those positions. Market forces were of little consequence as they pumped public money into individual firms or doled out selective, unfair subsidies, which created dependencies and propped up unviable companies. They provided services at public expense, best delivered by the private sector. They were, in effect, displacing private sector job-creating activities.

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Perhaps the best example of this was the ongoing effort to sustain at public expense the operation of Ontario Bus Industries. Over a period of two years or more, the previous government transferred public cash and assumed liabilities in the amount of \$117.6 million.

You are aware that we looked at the deal and recently released the findings of the accounting firm of KPMG. Upon much review and reflection, we have concluded that honouring Ontario's obligations under the original agreements was the least costly alternative at this stage. Consequently, we find ourselves continuing to hold a minority interest in the bus-building business.

As a relative newcomer to active politics, I must confess I have difficulty rationalizing what government is doing building buses. We would not have made the deals surrounding OBI. But now they have been made, we are determined to work closely with our partners to protect the public's investment and reduce the ultimate cost to the taxpayer.

There are many other examples where the previous government indiscriminately used public funds under the guise of economic development only to distort markets and give some firms unfair advantage over others.

I can't let the Jobs Ontario Community Action program go by without comment. Again, well meant—wrongheaded and misdirected. Indeed, intended to be used as a lever for community economic development, JOCA not infrequently provided only short-term jobs on fixed projects and was so poorly administered that we will probably never have a full accounting of how public funds were spent and how many jobs were created in the process. But to coin an overused but appropriate phrase, that was then and this is now.

We have changed the role of government in Ontario far and away from that which we inherited back in June of last year. We have changed our downhill economic course and we are on target to balance the provincial budget within the life of this Parliament.

Some in fact have criticized us for moving too far too fast. I would say to those critics that swift action was necessary, given the depth of the economic crisis facing Ontario last summer. Had we not moved expeditiously with the July and November economic statements of the Finance minister, we would now be experiencing an almost insufferable burden of debt.



Allow me to describe to you our approach to economic development. At the core of our approach is the conviction that government does not create jobs. Business creates jobs. But government has a vital role to play in creating the climate within which business and jobs growth occurs.

To that end, we have been working with business to identify barriers and gaps which impede growth. I personally have met with leaders of all of Ontario's key sectors, with executives of business organizations and tourist authorities and associations, with CEOs and staff of financial institutions, and with scores of our international partners. We have listened and we are addressing the barriers and gaps they have identified. We are implementing solutions. We are helping businesses build capabilities for self-reliance, to help them seize the opportunities offered by an improved business climate.

Our focus is concentrated on two specific areas of the economy:

(1) On sectors and groups of companies which together represent economic engines in Ontario's regions and the province as a whole; and

(2) On small to mid-sized innovative growth firms, many in the high-technology field, which are leading the transition from an industrial to an information society.

In December, I visited a company which epitomizes the pioneering spirit we must champion. It's called Printed Circuits Inc, located in Scarborough. From a skeleton staff with sales of less than \$500,000 a year in 1990, the company has become Canada's leading manufacturer of printed waferboards such as those found in Motorola's portable phones. It now employs 200 and had sales last year approaching \$25 million.

I know most of you are also aware of the success story of Make-up Art Cosmetics, better known as MAC, of Toronto. Since we began working with the company in 1993, it has quadrupled employment to about 800 and boosted sales beyond \$100 million annually. MAC's chief executive officer, Frank Toskan, expects sales to hit \$1 billion within the next few years.

We see these innovative growth firms as a central force for job creation in the Ontario economy. The ministry therefore is focusing its support on developing and delivering corporately sponsored networking opportunities through developmental and networking events such as the Wisdom Exchange held last September. The private sector played a significant role in sponsoring last year's event and is anxious to continue its support in the future.

In fact, Patrick Walsh of Research Capital Corp called the September Wisdom Exchange a huge success, and one client, Lionel Waldman, the founder of Sandylion Stickers Design of Markham, said it was the best event he had attended in his 30-year business career. We surveyed those attending Wisdom Exchange and found that these pioneering business leaders placed great value on the exchange of information, the networking opportunities provided, financial issues management and strategic planning.

We are also working with business to remove barriers and gain their commitment to create jobs and invest. We

are equipping entrepreneurs, companies, sectors and communities with the capabilities for self-reliance and success. Entrepreneurship is also being encouraged and assisted in many other ways. In cooperation and partnership with municipalities, the ministry operates 31 self-help offices, which up to December of this fiscal year had handled approximately 180,000 client enquiries and about 8,000 detailed consultations.

The ministry also helps build small business through publications and such undertakings as the joint federal-provincial Canada Ontario Business Service Centre and publications. We also conducted a range of 390 seminars to more than 8,000 participants as of year-end, and we continue to support student ventures as a means to build entrepreneurship in Ontario. We will be supporting government privatization and commercialization to strengthen the economy.

The bottom line is that we believe that real and lasting economic renewal must come from the private sector. Any attempt by government to do what the private sector does best—create jobs and generate wealth—will be a poor imitation at best. We are also marketing Ontario as a jurisdiction which is truly open for business.

This very positive message is getting out. During the Premier's recent Team Canada mission to India, Pakistan, Indonesia and Malaysia, his trade and investment missions to Japan and Hong Kong and my own visits to the United States, Britain, Switzerland, Germany and France, we gained support for our new mandate from our international partners. They are voicing confidence in the course we have charted.

Our mandate is to lead and promote Ontario's economic development and market the province as a place for business, job growth and tourism. In pursuing this mandate, as I said, we are marketing Ontario: its favourable location in North America, its highly educated and competitive workforce, its favourable business climate and its high quality of life.

My ministry's mandate is consistent with the new role of government in Ontario. Over the course of the next few months, I will be providing details on the nature of the programs and services the ministry will be offering, but you can be assured it will not function on the basis of corporate handouts like those which have been contributing to our debt and deficit. The limited resources we have to invest will be used much more strategically and with a high degree of accountability to ensure that objectives are met or exceeded.

We will be discharging our mandate with a smaller ministry, one that is more efficient and effective and of lower cost to the public we are all here to serve. We are already in the process of reducing the number of divisions within the ministry from seven to four.

Under the new structure, the marketing and trade division will be responsible for the international and domestic marketing of Ontario's image and our trade, investment and tourism potential. The division will focus on marketing, in combination with the Ontario International Trade Corp's trade development responsibilities, the management of Ontario's international relations and protocol and will incorporate the Ontario Investment Service into the ministry.

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The business development and tourism division will play a key role in leading all the functions in the ministry that deal with individual businesses and will include responsibility for working with tourism. The scope of its activities will run from startups and entrepreneurs, to innovative growth companies, tourism operators and investment case management.

The strategic analysis, sectors and technology division will develop policies and programs, work with sectors and promote technology and Ontario's interest in the telecommunications infrastructure. Along with other divisions, ministries, governments and private sector economic development partners, it will work to overcome the barriers to economic development and take advantage of opportunities.

The corporate services and agency relations division will be responsible for corporate management, coordination and provision of corporate services for the ministry and will manage the relationship with assigned agencies. The assistant deputy minister of the division will also be managing the wind-down of the development corporations.

This restructuring of the ministry will obviously reduce the number of administration and management personnel required; and we are in the process of completing programs designed to help in Ontario's economic renewal.

I mentioned that we see as our primary responsibility getting the business climate right. Only if we can get business going can we create the wealth we need to pay for the social services Ontarians expect to receive. This means removing impediments to business growth and cutting the red tape that all too often shackles enterprise.

When I started a business in 1971, I needed approval from about three different levels of government to get things up and running. Now I think a company of a similar nature would have to go through about six to nine levels of bureaucracy before it could get going. We're going to fix that. We have taken many steps; we will be taking many more. In the meantime, there are already signs that this "open for business" approach is paying off. Let me cite some examples for you.

A December report by Dun and Bradstreet Canada shows that businesses in Ontario are optimistic about the future. The optimism index has risen from 53 to 59, an 11.3% gain.

A couple of weeks ago, the one millionth personal computer rolled off the Kanata assembly line of Digital Canada, destined for markets in Canada, the United States, Latin America and the Caribbean.

Walt Disney announced plans in December to open animation studios here and in Vancouver.

Toyota in Cambridge will begin producing a two-door coupe in 1998 and might add a Lexus model to its production.

Ford of Canada will be making the 1997 F-series pickup, redesigned version of North America's best-selling vehicle at its Oakville plant.

Viceroy Homes expects to ship 500 homes to Japan by the end of this month and is projecting sales that will rise to 1,000 over the next year.

Honda in December announced plans to invest \$300 million in a new minivan plant in Alliston.

Siemens has announced expansion plans for Windsor, Hoechst in Kingston, Bayer in Sarnia, and Cosella-Dorken in Beamsville. These are committed to further investments.

All of these growth sectors and indicators occurred not as a result of corporate handouts, but because of Ontario's improved business climate.

In fact, Richard Li, chairman and chief executive officer of the Pacific Century Group, announced a \$100-million condominium development along Toronto's harbour last month. He acknowledged that his talks with Premier Harris recently had confirmed that "Ontario is once again a good place in which to invest." The project will provide 300 construction jobs over the next two years. To quote Mr Li, "We are certainly encouraged and we hope we can do more in Ontario in the future."

There are other signs that the business climate is on the mend. As you know, Ontario exports more per capita than any of the G-7 nations. We are the leading exporting province of a leading exporting nation. Exports are our lifeblood, and as 1995 drew to a close, merchandise exports had risen by more than 15.5%, with growth concentrated in areas of industrial goods, machinery and equipment, and automobiles.

You are aware that Premier Harris was a keen supporter of the Team Canada mission to Asia and returned from India, Pakistan, Indonesia and Malaysia with news of millions of dollars in new contracts and thousands of new jobs. These contracts range from the design and construction of hydro-electric facilities to the joint manufacture and marketing of pharmaceuticals. Many of these opportunities were identified and assisted by the Ontario International Trade Corp. As the Premier said at the end of the 12-day mission: "These initiatives demonstrated the confidence of the international business community in the skills, expertise and quality standards of Ontario. From technology transfer to trade, cooperative agreements and joint ventures, Ontario business and its Asian counterparts have set a standard for business partnerships."

Incidentally, the OITC, chaired by former Premier William Davis, continues to play a pivotal role in export development by working with small and mid-sized firms to overcome obstacles and expand markets. OITC's private sector board ensures that priorities are right and the standard of service is high. The OITC is Ontario's lead trade promotion agency and offers a range of programs and services from basic export education and consulting to the development of consortia for international projects. It offers one-window access to help Ontario companies pursue international leads. Its goals include increasing the number of small businesses that export and to broaden their markets beyond the United States.

Ontario, I might add, is well placed to experience growth in the service sector through exports, such as those being won by Webb Zerafa Menkes Housden. The Toronto-based architectural firm recently won a \$1-million contract, with assistance from the Ontario International Trade Corp, for the design of an \$85-million 20-storey tower in Kuwait City, the first government building constructed since the Gulf War.

We are also assisting in the marketing of SkyDome technology in Europe, airport construction in Indonesia,



transportation and environmental projects in Latin America, subway development in Portugal, energy projects in China, science and technology exhibits in Asia and the Middle East.

Export opportunities are also being identified by the Markham-based Canadian Associations of Mining Equipment and Services, which is surveying the 100 mining markets worldwide for additional opportunities to build on the \$1 billion of GNP produced by goods and services in the mining industry. The industry is also seeing the increased benefit of greater cooperation within the sector. CAMESE executive director John Baird recognizes that firm-specific government programs are being reduced, but points out, "When you start doing things sectorally, good things start to happen." We are actively supporting this kind of initiative within sectors that expands cooperation, coordination and eventually job growth.

In February, Ontario recorded job growth of 31,000 following a 3,000 job gain in January. Since October 1995, Ontario has gained 76,000 jobs, bringing the number of employed people in the province to its highest level since early 1990. Overall employment is projected to rise 1.5% this year and 1% in 1997. Those working in Ontario total 5.292 million at the present time.

For the year 1995 as a whole, employment rose by 71,000. Primary growth, I am pleased to say, occurred in the private sector, where employment rose by 116,000 jobs. As might be expected, considering the downsizing commitments by the provincial and federal governments, employment fell in the public sector by 45,000 jobs. This graphically demonstrates, I believe, that we are going through a period of transition, one in which long-term sustainable jobs will be increasingly found in the private sector, not the public. This is not an easy transition, by any means. We only need reflect on the current public sector labour difficulties in Ontario to appreciate the personal and professional impact of this change.

For our part in the Ministry of Economic Development, Trade and Tourism, we're adopting a whole new approach to economic development. We are undoing the damage that was done over the past decade and are committed to a further significant improvement in the business climate. We realize that this will not occur overnight, but we are also encouraged by the signs of growing confidence in Ontario by domestic and international investors.

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We are getting the business climate right, and that does not mean it is necessary to provide tax breaks, subsidies or outright corporate handouts. Investors are coming here for the right reasons, not the wrong reasons.

We have listened to the business community at home and abroad and we are doing what we said we would do. We are vigorously attacking the deficit. We are reducing the size and intrusive nature of government. We are tearing down barriers to business, cutting red tape and stimulating consumer confidence. We are developing ways for individuals, companies and communities to achieve self-reliance.

For all of the challenges we face, Ontario is an exciting and dynamic place to do business. We have moved from relying on natural resources to a fully diversified

economy. We are located in the industrial heartland of North America, one of the most prosperous markets in the world. Within a day's drive of 120 million consumers, Ontario is the third-largest trading partner of the United States, behind Canada as a whole and Japan, with trade in 1993 totalling \$116 billion.

As I have said, Ontario exports more goods and services per capita than any other jurisdiction in the G-7 group of leading Western industrial economies. Ontario's GDP was about \$303 billion last year, or 40% of Canada's total.

So we have to keep the big picture in mind. To local, national and international investors, we offer a stable political climate, one of the best medical systems in the world and a province that is diverse, clean, safe and sophisticated.

**The Chair:** Mr Minister, you're just about running out of time.

**Hon Mr Saunderson:** And I'm just about to finish.

We have the brainpower and the resources to compete with the best in the world, and I don't think it's an exaggeration to say that over the long haul Canada can't be strong if Ontario isn't too. I submit to you that one of the most significant contributions that we in Ontario can make to the nation and to national unity is to revitalize our own economy. The generation of wealth and the creation of jobs go a very long way towards contributing to the national sense of wellbeing.

Jobs and wealth allow individuals to lead dignified lives. Jobs and wealth allow people to take care of their loved ones. Jobs and wealth allow people to save and to invest and create a climate conducive to more of the same. Jobs and wealth give us the means, collectively, to do the things that mark us as a caring and decent society. They give us the means to operate a health care system that is second to none in the world. They give us the means to invest in education without which we have no future at all. In short, they give us the means to build social institutions that have made Canada a beacon of peace and hope to people around the world.

As David L. Morton noted in the recent National and Global Perspectives booklet, "In study after study, Canada is constantly rated among the most desirable places in the world."

I'm looking forward to hearing your comments and your questions, but before I do, I thought I might comment on remarks made recently by the Prime Minister when he challenged the private sector to accept its responsibilities for job creation.

As I have said, government doesn't create jobs, the private sector creates jobs. In Ontario, we are getting government out of the face of business. At the same time, I am confident that business will take up the challenge as well as seize the opportunity to grow and provide jobs. We're looking to business to play a vital role. I'm sure it is up to the test.

Ask the employees of Digital, Honda, Viceroy, Toyota, Ford and other growth firms within Ontario. They can testify to the benefits they derive from a healthy business outlook.

We're counting on business to play a vital role in Ontario's economic renewal, and I am confident that once

we clear this period of transition, once we have repaired the Ontario economy by getting our own fiscal house in order, once we have restored the business climate to a healthy state, we will see a steady growth in the number of jobs we need to sustain Ontario through the next century. Thank you.

**The Chair:** Thank you, Mr Minister. Mr Kwinter, you have 30 minutes.

**Mr Monte Kwinter (Wilson Heights):** Thirty minutes. So little time and so many things to talk about.

I'm not going to refer to all to the estimates book because this government had nothing to do with those particular estimates, but I certainly want to spend all of my time addressing the statement of the minister.

The statement that he read I could have read as the minister, with a couple of exceptions. Nothing that he said has changed. There hasn't been some Dark Age over Ontario over the last 20 or 30 years, and all you have to do is take a look at the economic growth of this province to see that regardless of what government comes in and puts its particular stamp on some particular sector, the main ingredients that the minister refers to—and I'd like to refer to them: "Canada is one of the most desirable places to live in the world, and Ontario, of course, forms our nation's geographic and economic core. Ontario offers a stable political climate, one of the world's best medical systems, a highly educated workforce and urban centres that are clean, safe and sophisticated."

None of those is as a result of this government's actions. They are an accumulation of previous governments that go back to Confederation. To be fair, I would say that someone dropping in from Mars and looking at the situation we're facing today would have the feeling that all of those things you hail as our attributes are being decimated and totally destroyed. We have school children demonstrating, we have doctors upset, we have urban centres cutting down on services, we have people going on strike. What we have developing is an environment that will make this a less attractive place to invest, not a more attractive place. I want to talk about some of these things.

First of all, it's important to know—I wish I had a copy of the minister's text, because he referred to the fact that he was going to make this a less bureaucratic kind of government and he was going to be more responsive and they were going to be open for business. I say to you, sir, with all due respect, the people in your ministry are the people who served the previous government and the government before that, and Ontario has always been open for business. One of the things I resent most about this government is the fact that it latches on to slogans—"We are open for business," "the Common Sense Revolution"—and thinks there's magic in those slogans.

The province of Ontario holds an enviable role in the economies of the world. It has that role because of its geographic location—as you have stated, we're within a very short distance of 120 million people—and we have wonderful resources, not only our material resources but our people, and we have developed a first-class infrastructure, a first-class educational system, a first-class social system, and that is one of the major attractions. The government is fond of saying we're overtaxed and we've got to get rid of public service. There is a docu-

ment called An Overview of Ontario's Tax System produced by your government, and it states that we are one of the most competitive tax jurisdictions, certainly in the G-7 and certainly in all of our neighbouring American jurisdictions. That is something every government has always been conscious of, because we are in a competitive situation. We have always been open for business and we have always attempted to make sure that those particular advantages are there for us.

Let's talk about your statement, which I have used constantly because it just boggles the mind, that "Economic growth is not created through government assistance." I'm sure you know I wrote your deputy. I'll read the letter I wrote to her; I hope you don't mind, Deputy. I said: "If economic growth is not created through government assistance, what kind of boondoggle are you guys running over there? Send everybody home, turn out the lights and save the taxpayers of Ontario a pile of money."

Would you like me to read your response into the record? I'd be happy to. The deputy replied: "I passed on your concerns about economic growth to the minister. On my own behalf I can assure you that this ministry continues to be committed to the economic development of Ontario." The minister may not be but the ministry is, and I'm happy to hear that. But I should tell you this: You went through this long list of companies that are prospering and growing in Ontario, and you mentioned Honda and you mentioned Camry and you mentioned Toyota, and I'll mention Ford and GM and Chrysler and others. Every single one of those companies is here in part because the government assisted them in getting here. Those jobs that are created are not phantoms, they're not spectres that are out there that nobody ever sees. They are flesh and blood people who are working, spending money, and the services that are provided to those companies are doing the same thing, and the parts suppliers are doing the same thing.

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I want to give you a case history which I think is important, because I feel that somebody has been sold a bill of goods. I am absolutely in favour of cutting out grants and subsidies to a wide range of companies. There are people out there, I remember when I was the minister, who would come to me and say, "What kind of programs do you have?" And I'd say, "Well, what kind of programs are you looking for?" "Oh, we don't really care, just what have you got? If it's going we want it."

I agree, that should be eliminated. There is no reason we should be propping up companies who are looking for a handout just because it's there, when they themselves are not viable. As I say, I am totally supportive of reducing a great number of those.

But let me give you a case history, one that I use all the time because it's critical to understand. I would like in your response to get an indication from you, if the same thing happened today, would you turn them away? Would you say, "Sorry, our policy is that economic growth is not created through government assistance and as a result we can't help you?"

When I was the minister, the controller of Ford Motor Company came to see me and said: "Mr Kwinter, we



have a problem. We are competing intercompany for a facility in Oakville that will do two things"—and I'm sure you know there was a time in the automotive sector, and there still is, where there is huge overcapacity, and with that overcapacity it means that plants are being shut down. There are major plants being shut down all over North America, and in Ontario all you have to do is take a look and see what happened in St Catharines, some of the other jurisdictions, and you'll know that it is a real possibility.

Ford had two interests; one is to anchor that facility—and I don't have to tell anybody in this room what would happen if that Ford facility shut down. That isn't a dream. That isn't pie in the sky. I have subsequently talked to the executives at Ford and they said in that time frame that was a real possibility.

They came to us and said, "We are bidding for a van and paint plant with a sister company in St Louis, Missouri, and we have to go to Dearborn and we have to sell our board on the advantage of it coming to Canada, to Ontario, or it's going to St Louis, Missouri." It wasn't a matter of giving a company a handout. They had to be able to put forward the business plan that would make them competitive. In their presentation to me they said St Louis, Missouri, had an advantage that they could not match. One of it was in infrastructure and the other is in training.

The pricetag on that was over \$100 million, which is a lot of money—I think it was \$102 million. They said, "If we cannot match that amount we will not be in the running and that facility will go to St Louis where we lose the multiplier effects of that particular investment plus, who knows, that may just make Oakville a more attractive facility to shut down."

On the spot I said to them, "I am sure that we can do that." They said, "How could you possibly commit your government to that without even talking to them?" I said, "I know what I can sell and I know what the economic viability of that investment is."

I went to my colleagues at cabinet, told them what was at stake, and they agreed that we should make the investment. I can tell you, as a result of that investment we secured the van plant, we secured the paint plant, we anchored the Ford facility, we created jobs, we created support systems in the suppliers, and we have recouped, and the government before us has recouped more than what we put out.

If you think that is a waste of public money, then I think it borders on irresponsibility. I think there is a role for government to play. I think the role is selective. I think the role has to be very, very carefully examined, but surely there is a role to play.

You talk about Ontario Bus Industries. I agree with you. I agree with you that that particular facility happened to be a disaster, but you have to take a look at the rationale. As I say, I'm not trying to defend it, because I had nothing to do with it, but you have to understand the rationale that your predecessor, Premier Davis, considered when he formed the UTDC, the Urban Transportation Development Corp.

In Ontario, where the provincial government spends 75% of the money on capital equipment for transit

systems, it would seem not a bad idea, if you're spending that money, that you get some kind of a benefit from it, rather than spending 75% of that money and sending it off to Hawker Siddeley in the UK or someone else in the US. It's our money. We're spending it. Why don't we get some benefits? Why don't we invest it in a company that is going to provide the kind of urban transit systems that we need, that can possibly become a world leader?

As I say, I think the concept was the right one. The execution? A lot to be said about it. But to totally blank that out as a matter of policy and say, "Sorry, there's no role for the government to play, and if you guys can't make it on your own, too bad," to me, that doesn't make any sense.

There are other situations. I think the jury is still out on de Havilland. I want to tell you that story, because I think it's important. De Havilland has had a chequered career in Canada. The original de Havilland company in the UK was then involved with Hawker Siddeley, and then the federal government decided it would get involved and took over the company. It never made money, it lost money, and they finally decided to sell it. They sold it to the Boeing Corp, which happens to be the largest aircraft producer in the world.

The Dash-7 and Dash-8 series are the most successful short takeoff and landing aircraft in the world. They had universal acceptance. The only problem is they couldn't make any money building them. Every time they built an airplane, it cost them \$1 million. So they were selling airplanes and every time they sold it they were selling it at a \$1-million loss. They were making five of them a month. The company came along and said, "We have a waiting list of 200-some-odd airplanes; maybe we should increase production." They did a costing of six airplanes per month and found that they would lose even more money. The more airplanes they built, the more money they lost. And here's a company that had \$4 billion cash in their treasury. They weren't hurting for money. They said, "There's no reason for us to be in this business if we can't make any money." So they walked away from it.

The provincial government stepped in, negotiated a deal with Bombardier, and the company is functioning. I would love to know how it's functioning, because the latest information I have is that they're producing somewhere less than three airplanes a month, and if they couldn't make money at five, how can they possibly make money at three? So that would be an interesting story to find out what is happening there and what the government's role is and what it should be.

Let's take a look at another company: Algoma. Certainly Algoma is an accident waiting to happen. I have never been a strong supporter of what has been going on at Algoma, but on the other hand, what are the options? Do you say, "We will not support that company," shut it down, put 6,000 people out of work in a virtual one-industry community, walk away from it and say, "Sorry, it is our government's policy that we will not put any money into any industries"?

The company was sold to its employees. The government took a position. It is functioning, and you know the old axiom, "Pay me now or pay me later." So you have

to take a look at the decision. Are we better off doing that or are we better off putting all those people out of work and letting them collect unemployment insurance, let them collect welfare with all of the following kind of difficulties that happen?

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So there is a role to play, and I think that it is short-sighted and irresponsible for the government to say: "We have no role to play. We are going to be cheerleaders in the world." I was surprised that people didn't come in here with pompons, if that is your role to go around and say: "Rah, rah, rah. Ontario is a good place to do business."

I also take great exception to a list of the things that are happening that had nothing to do with this government—nothing. To suggest that Mr Harris influenced Mr Li in that condominium proposal is ludicrous. He didn't even know about it. It was negotiated by the city, had nothing to do with this government; It was in the makings for a long, long time. And if you know anything about trade, you'll know that deals don't happen because someone drops in and says: "I'm here. Sign the order." They take months and years to negotiate.

And I can tell you, sir, that's an area that I'm very involved in, and these deals take forever. Most of the time when the minister and the Premier go to a place, if they do sign a deal, it's a deal that has been hanging fire and has been negotiated and completed in three, four, five, six months, and you say: "Hold on to that. We've got some of the politicians coming through and they want to sign something."

To suggest that these things just sprout, full-blown, because you happen to drop into a place is naïve and just not true. It doesn't work that way. There's no question there's a role for the minister and the Premier to play, because it gets attention, it draws a critical mass of people out, and you can certainly open some doors. But to suggest that these things culminate in deals as a result of that trip just isn't the way it works. Trust me. I've been on enough of those trips that I know how they work.

I want to talk about the whole area of the economy and what kind of environment we're in. We have a debt that is reported to be, at varying times, anywhere from \$87 billion to \$97 billion at the present time. By this government's own admission, when it leaves its first mandate, that debt will be somewhere between \$120 billion and \$130 billion. That is best-case scenario, and that doesn't even take into account this tax cut; and the mathematics are very simple.

The budget that will be coming down in May is going to show a deficit of about \$9.6 billion. That \$9.6 billion is going to be added on to whatever the exact figure is, and let's use the round figure of \$90 billion. So you're going to be up to 100 right there. The next year you're going to get down to \$8-some-odd billion. You're up to 108. The next year you're going to be down to \$4 billion, \$5 billion or \$6 billion, whatever it's going to be. You're going to be 114. In the last year you're going to be into an area where you're going to be up around 120, not counting the \$5 billion a year that's going to happen to the tax cut.

So what you're doing is, you're holding out this: "Ontario is open for business. We've got great fiscal management and we have taken our debt to \$120 billion to \$130 billion." You will not have a balanced budget at the end of your mandate, because even under the best-case scenario it's going to be the year 2001, which is going to be anywhere from a year to a year and a half out of your mandate into the mandate of the next government. Adding to that is the situation where in order to meet the promise of the tax cut, you are going to be borrowing \$5 billion a year—borrowing \$5 billion a year.

You're fond of saying, and your Premier is fond of saying, that it costs \$1 million an hour. You, sir, an accountant, I hope you've calculated what the tax cut is costing—\$500 million a day that you are adding to the debt of the province.

So in all of this situation, where you're trying to portray that you are the fiscal managers, you're the guys who are going to get this province going again, and I say to you, this province has been going and it's been going fairly well. Now, not as well as it's done in the past, but take a look at everyone else, take a look at our neighbours in the States, which is probably the greatest determinant of what happens to our economy, and we haven't been doing badly.

I'm the first to admit that a lot of things that the previous government—and I'm talking about what the NDP government did—were not conducive to business. But in spite of that, business has been expanding in Ontario. It has not been expanding the way we'd like it because it hasn't been expanding in the west the way we'd like it. I think that you would be doing yourself a service, and your colleagues a service, to tell it as it is. Yes, of course, let's cut red tape, let's cut the things that are irritants.

But I'll say to you, we have been competitive in spite of that, and there are far greater reasons why people don't come here than you seem to think is the reason. And I'll tell you, there are things—just like we are the beneficiaries of our location that allows us to service the northeastern Atlantic seaboard—there are other jurisdictions in North America where, because of their proximity to whatever markets a particular individual wants, they want to be.

But I think it's important that the government understand that you do have a role to play and you do have a role that may be financial. I'm not saying it has to be financial. I don't say you solve problems by throwing money at them, but to totally say, "Governments do not create jobs"—again, there are 81,000 phantoms working for the public service. They're not there because the government didn't create them. But somehow or other, these suits are walking around and they're getting paycheques and they're holding mortgages and they're buying produce and they are doing all of these wonderful things but they don't exist, because the government never created them.

There's another interesting statistic that you should know. In 1984, the last year of the Conservative government, the number of public servants in Ontario was 81,000. The number of public servants in Ontario today is 81,000. The interesting thing about that statistic is



5,000 of those 81,000 have been added to the law and order section, which means that everybody else has been reduced by 5,000. So you have an employee workforce that is pretty lean. I have no hesitation in saying it could be leaner. But to suggest that there has been a burgeoning of civil service or public service workers just does not stand up to scrutiny. And I commend you to look at the figures and you will see that in the last year of the Conservative government in 1984, there were 81,000 jobs in Ontario. That's exactly the number, give or take 100 or so, that is there now.

Let me, in my last couple of minutes that I have left—

**The Chair:** You've got about five minutes.

**Mr Kwinter:** Oh, okay. Let me tell you another interesting thing that happened. Mike Harris, who was the leader of the third party, stood up in the House one day and was berating the then Minister of Finance, Mr Laughren, and said to him, "A Conservative government will do what every Conservative government has done in the history of Ontario: create a balanced budget." And I sat there, and I wasn't paying too much attention, and I thought to myself, "I don't think that's right." I remember when Larry Grossman was the Treasurer and I was sitting in the House. I think they had a deficit. I wasn't sure, but it seemed to me that they had a deficit. So when I got back to my office, I contacted legislative research in the legislative library and said, "Could you send me the list of the last 20 years of budgets so I can take a look at them?"

To my surprise, and somewhat political delight, there had not been a balanced budget in Ontario since 1969. So from 1969 to 1984, the Conservative government ran a series of deficits. But not only did they run deficits; some of them, on a proportion of deficit to total budget, were, and still are, the largest in history.

I couldn't ask Mike Harris the question—the rules of the House don't provide for it—so I made a statement in the House, because I get 90 seconds. I stood up and said, "Yesterday the leader of the third party made this statement, and I just thought the members would be interested in knowing," and I read this and then I passed it out to the whole Conservative caucus so they could see the figures.

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I happened to run into the leader of the third party afterwards, and he said: "You know what, Monte? I was really surprised. I didn't know that." It didn't stop him from saying it, but he said, "I didn't know that was true." I say that is the problem with a lot of people: One guy lies and the other guy swears to it, because they have no idea and they think that is what it is.

A politician who has a lot of experience and for whom I have a great deal of respect, the Honourable Herb Gray, said to me many years ago: "Monte, the first thing you've got to learn in politics is that all the wisdom doesn't rest on one side. Those guys have got their generals and they've got their wisdom, and you've got yours and you've got your wisdom." It isn't black and white. There are whole grey areas where it's a judgement call, absolutely a judgement call. You make a decision based on the best information and the best advice you get.

I have to say, with due respect, most of the people in this room from the bureaucratic side were giving me

advice or giving Frances Lankin advice, and you make the choice based on your political ideology, no question about it, but on the advice of the professionals who are advising you. Sometimes you're right and sometimes you're wrong, but whether you're right or wrong in most cases has nothing to do with the fact that you made the wrong decision. At the time that was probably the right decision, but things happen. That's the nature of life, that's the nature of economics, that's the nature of business. Things happen that are unforeseen, and you have to adjust.

It is important that instead of condemning what has gone on in the past—and again I say, in closing, if you take a look at the growth in the 1985-90 and even in the 1990-95 eras, you will see that we have nothing to be ashamed of compared to our trading partners, compared to our neighbours. We have done fairly well, and we've done well because the basic ingredients of Ontario are sound. What we have to do is improve on it, eliminate the irritants, be aggressive, because it's a competitive world out there. I would suggest to you that the role of this ministry should be to go out there and not run down what has happened before, because as to a lot of the things happening now, you'd be far better off spending your time defending those than trying to run down something else.

I truly believe we have all the ingredients in this province to be a major force in the economy of North America and in fact in the global economy. We have the people, we have the resources, we have the infrastructure, and our challenge as politicians is to try and keep those things within the bounds of fiscal constraint. I certainly respect the idea that we have to get our fiscal house in order, but it's like everybody else in business. I want to leave you with one last story, and it's close to my heart because of our family business.

A fellow had a hot dog stand in this little town, and he sent his son off to college. While he ran it, he would get the greatest buns and he'd have the greatest hot dogs and he put the greatest accoutrements on it, and he had a thriving business, an absolutely thriving business. His son came home to visit him from school and said: "Papa, are you crazy? Don't you know that there's a recession on?" He says, "You're kidding!" He says: "Yes, that's right. Cut back. Don't put that stuff on." He was out there and before he knew it, nobody was buying his hot dogs. He says: "God, my son is so smart. I sent him to school, and you see, he was able to tell me there was a recession. I wasn't aware of it. See how smart he was?"

I'm saying to you that these are the kinds of issues that have to be addressed. We have to make sure that where the money is not being spent well we curtail it, but where money can be spent, where it can be of benefit to the citizens of Ontario, where it can create jobs, where it can create new industries, where it can create economic activity, the government absolutely and definitely has a role to play.

**Mr Tony Silipo (Dovercourt):** I hope I won't need 30 minutes to say the few things I want to say at the beginning, because I'm eager to get into the exchange with the minister.

I have listened reasonably carefully today to the minister's statements, as I have whenever he's spoken. I've heard him speak in the House and at one or two events. I have to say at the outset that I continue to be offended by the approach taken by the government, not just with respect to the differences in approaches we clearly have, he and his government from mine and that of my party; that is part of the political process and that is part, in my view and I think generally held throughout the province, of acceptable discourse in a free and democratic society.

What I find offensive, and I don't use these words lightly, is when I see the minister and a number of his colleagues—this is not just on his shoulders—take unto themselves those things which we have built in this province over decades, those qualities which make Ontario the special place it is, the qualities that attracted my parents to bring their family, myself included, and many other families to come to this country and to this province: "the quality of life, a stable political climate, one of the best medical systems in the world, a highly educated workforce, urban centres that are clean, safe and sophisticated." I'm quoting here from the minister's own words, words, by the way, which I've heard other ministers in other governments equally, with the same vigour and with the same justification, pronounce publicly and privately.

What I find offensive is to see, first of all, this minister and this government assume those things unto themselves as if they created those things, as if those things came about in the few months since June 8, 1995; and second, to see, at the same time as they are speaking proudly about those qualities, which I agree wholeheartedly are a good description of the society we live in, that they are piece by piece dismantling through their actions those very things that make Ontario the special place it is.

It would be more correct to say—and I think on this we actually could find agreement, certainly listening to the minister and listening to Mr Kwinter and in the position I take and that many in my party take—that government does not create jobs, that government by itself cannot create jobs. The private sector inevitably is the place that creates the most jobs. On that point we do agree.

Where we clearly part company—and I accept that we part company as a party even to some extent with the Liberal Party, and again that's fine, that's fair, that's part of the democratic process in this province—is on the role of government. We don't believe, and I certainly don't believe, that it is government's role to get out of the way, as the minister would have us believe, and let the private sector create the jobs. I don't think it's as simple as that. While there is a philosophical difference, very clearly, I would argue there is also a very practical difference.

1440

I would suggest to the minister that there are many jurisdictions in North America, throughout the world, in Europe, wherever you want to look, with governments led not by socialists or social democratic governments but led by conservative parties which, while they believe very strongly in a free enterprise system, also believe there is a role for government intervention and government playing a role in creating the wealth and in creating the jobs.

There is one issue on which I do agree with the minister, when he says, "Job creation is the top priority." That is a statement I take from his interview in the last issue of *Challenges*. But it might interest the minister to know that some of his colleagues, a few of whom are sitting here in this committee, had a difficult time just yesterday in the pre-budget discussions at the finance committee of this Parliament—Mr Kwinter was there for part of those discussions—actually had a difficult time agreeing to a recommendation that said exactly that: that job creation should be the top priority and should be the top priority against which the government's next budget is judged.

It might interest the minister to know that, as the minister responsible for job creation in this province, however he describes that responsibility, but clearly as the minister who has significant responsibilities in the area of either job creation or creating, in his words, the climate for jobs to be created—particularly when I read out to members of the committee yesterday their own words in the Common Sense Revolution that say, "Creating 725,000 jobs is what the Common Sense Revolution is all about." The minister certainly remembers that, because he has said, as I've indicated, "Job creation is the top priority." Some of his colleagues seem to be not quite as strong on that point, and it's something I want to pursue in the exchange we'll have a chance to get into.

I would say on that point just a couple of other things, that we have seen many instances across the world, in many jurisdictions, of governments understanding that yes, government's first role is to create a climate in which there is investment, there is wealth created, and then that wealth is fairly distributed. And therein lies the other fundamental role of government: that wealth is fairly distributed throughout the citizens of the society.

On that we also have a fundamental difference. When I see what this government is doing in terms of what is clearly, as I see it, driving its economic agenda, I see much less of a concern around reducing the deficit and bringing government spending into line. Yes, they're doing that; yes, they're reducing government spending. But the single largest area driving their actions, as I see it, is the 30% tax cut. The 30% tax cut is going to shift the wealth in this province like no other single government action will have done in probably the last 20 years in this province, because it shifts significant amounts of dollars from Ontarians of average and low income into the hands of the wealthiest Ontarians in this province.

There's no two ways about it. When government members say—and I'll be interested to hear what the minister has to say on this—that no decisions have been made around that, again I say to them, then what did you mean when you put out the charts in the Common Sense Revolution that said that's exactly what you were doing? Does it mean you have changed your mind, or does it mean you are still wedded to it but now are trying to fudge the numbers? We will see.

But on the economic level, in addition to the disastrous effects this is going to have on people socially and in terms of what it means for people on a day-to-day basis, the stark and interesting reality—again not according to my predictions but according to statements made by the



Minister of Finance, and on this I will be interested also in hearing the minister's views—is that there isn't the sense that that action, which as I understood it is seen to be the primary job creation incentive of this government—well, it's not going to create the jobs. The Minister of Finance doesn't foresee the creation of those jobs, certainly for the first year and perhaps even the second year following the tax cuts, or at least until that point.

So I think again it's fair for us to ask, what is the point? If it's not to create the jobs, if it's not to do what you said you were going to do, if it's not to make job creation the top priority, what is the point? Maybe the point is that what this government is really about, and what this minister's actions are about as part of that government, is not so much to be less intrusive, as he put it, but fundamentally to change the nature of the Ontario society we have built.

But the interesting thing—and this is what I find offensive, as I said at the outset—is that while the minister and the government that he's a member of continue to dismantle, piece by piece, those very qualities that have made Ontario and Canada the best place to live in year after year, he still continues to proudly herald those very same things as the qualities that make Ontario great. I say to the minister, you can't have it both ways. You can't tear away at the fabric of Ontario and proclaim to the world that you created that very same society. You just can't do that. You can't do it and be honest to yourselves and to the people you claim to represent.

But the jobs issue, as important as it is—and I believe that above everything else we do, that, particularly in this climate, is the most important area for government to be focusing its energies—isn't the only area where I see this kind of two-faced approach coming from this government.

I want to make a couple of comments in a few other areas. Just after the election, when we saw that as part of this ministry's new mandate we now have tourism included under its responsibilities, I remember reading some very good, positive comments from the industry. They felt that finally they were being placed within a ministry that had some significant clout and that their concerns would be addressed, their concerns as an industry that employs almost 7% of the workforce in Ontario, so an industry that is significant and in my view can be made even more significant. I, for one, was very happy to see the inclusion of tourism under the economic development ministry, because I believe it makes a lot of sense for it to be there.

But lo and behold, what has the industry seen? We heard one part, one important part, of that industry tell us a few weeks ago that all they have seen as a result of that shift has been significant cuts in the ministry's budget as it relates to investment in the tourism industry. I think they used figures of some 53%, and I'll want to talk to the minister about that as we go through the afternoon.

1450

The other area that I see as—to categorize it as “offensive” is the mildest word I can find, particularly on a Friday afternoon just before the March break; that is, the government's actions with respect to the Casino Rama. I have never seen sleight of hand as clamorous as

that one in any of the years I have been in public life. While I've only been here at Queen's Park for the last five years and a bit, I've been in public life for about 17 years.

For the government and for this minister to wait until the last moment, when construction was proceeding and when we were weeks away from the opening of the interim casino, to pull the rug out from under the feet of those involved in putting that together and say: “Hold it. Nothing's going to proceed until we get a big chunk of those profits. We've changed our minds and we believe now that the government needs to rake in some of those profits”—one could ask, and I'll ask the minister, why it was that it took them eight or nine months to come to that decision.

But what I want to ask more significantly around that is, what happened in the time since June 8 that changed the minister's mind and the government's mind from the position that this government doesn't have a revenue problem, that what the province has is a spending problem? If we don't have a revenue problem, then why all of a sudden did the minister and the government become so interested in raking in some \$300 million to \$400 million away from the profits of Casino Rama, profits that were intended to go into a first nations economic development fund to help out a sector of our society that, whatever scale you use, has to be acknowledged by people of all political stripes as being one of the poorest groups in our society? What happened to make this government and this minister so greedy that they had to, in this case, as they've done in action after action, take money away from a sector of the economy and a group of people in our economy, in this case the first nations, who could have quite used that money to better themselves and to improve the quality of life for themselves and their families? I find that action just appalling.

I'll be interested, in the exchange that follows, to pursue some of these and others. I wanted to raise these because I don't want the discussion this afternoon to be a surprise or to be a hunt to see if we can catch the minister off guard. I'm interested in a useful exchange, in a useful discussion. Yes, there is a very fundamental difference in philosophy and approach, but I want the minister to be able to explain to me the contradictions I see in the approach he and his government are taking on these issues.

You can't continue to argue both ways. You can't continue to say, “We want to be less intrusive; tax breaks aren't needed,” and then proceed to put in place the single largest tax break to the wealthiest citizens in this province through a 30% tax cut. You can't continue to say, “We want to have a situation in which the private sector alone is going to be involved in creating business,” and continue to have a ministry of which we can then ask, what is the point of its existence?

If the minister wants to run around the world proclaiming what a great place Ontario is, that's fine; I could accept that, because I think that actually is a good thing. But I would say to him, have then the decency to also continue to speak up for and defend those very same qualities and those very same services you are trotting around the world as being the reason people should invest

in Ontario. You can't on the one hand say those are why people should come to Ontario and spend their money in Ontario and invest their money in Ontario, and at the same time be part of a government that is, piece by piece, dismantling those very same services.

**The Chair:** Mr Minister, you've got 30 minutes in which to respond.

**Hon Mr Saunderson:** First of all, I'd like to welcome the insight of two former ministers, but I just cannot agree with their views in the entirety of their statements. I'd like to spend some time talking about some of the things they said.

Yes, things have changed in Ontario, even though it was laid out that maybe things haven't changed and that Ontario is still, as it was, a great place to be. Yes, it's always been a great place to be, but it can be better. The big difference I see is a business climate that certainly over the last 10 years had really driven businesses away from considering Ontario as a place to be. I learned this when I was in Europe and in the United States, that with what had been going on here, due to government intervention, bureaucracy etc, businesses were just saying, "We'll give it a pass." We have heard this about Japan, the United States, Great Britain and Germany, just to give you some examples.

So there had to be a change, and it was a better business climate we brought when we were elected. I think that business climate is taking effect now, but it comes about by having a lower personal tax rate, and I'll talk about that later on. It talks about some predictability. In the past, hydro rates were skyrocketing, workers' compensation premiums were rising. We took it, in our campaign, to be an important thing to say that we are going to allow some predictability for business, and that's what business wants. When you spend time making a business plan, and then all of a sudden hydro rates are raised or payroll charges are increased, that really does hurt the budget process for a business. That was driving people away from Ontario.

Things are not being destroyed by this new government. If anything, the change had to come about because of a financial crisis. There was magic in the Common Sense Revolution, and it stated that we would be open for business. We had to broadcast this message, and indeed we have been broadcasting this message by speaking as often as I can and my parliamentary assistants can, not only in Canada, in Ontario, but around the world. The Premier and I have been on trips, as you know.

One of the most important things for us to stress is the report and study that Peter Barnes made, a former deputy minister in my ministry, Removing the Barriers to Growth for business. That is a very good lesson of what can happen when governments run amok and pay little attention to making it easy for business but seem to be bent on making it more difficult for businesses in Ontario.

I would like to talk a little about the tax situation here. I inferred from what Mr Kwinter said that our tax rates are acceptable, from things he has heard. Of course our business tax rate is fair, and it has stayed basically at around 42% over the years. But it's our personal tax rate, as I mentioned earlier, which is really the devil. The

personal tax rate in Ontario is the highest personal tax rate in Canada. We intend to make it the lowest personal tax rate in Canada.

I, in my own campaign, went door to door and found that people were most intrigued with the personal tax rate. They felt they were highly taxed, and they were therefore waiting to see which party was going to win before they made any decisions about changing their homes or adding on to them or buying new appliances.

Also, I ran into people who ran independent businesses, small businesses. These are the entrepreneurs we have to encourage, and these people said to me that they could hardly wait for the personal tax rate cut because they would be taking the money saved and investing it in their small business.

I think that's really the message of the tax cut. It puts money into the system, which creates demand for goods and services, and that creates jobs. The message I learned from my canvassing, as all my fellow candidates did during the campaign, was that people could hardly wait for that to happen, and it is going to happen in the Finance minister's budget coming in May.

There of course will be an offset, called the fair share health tax, so that, just to counter what Mr Silipo said, the high earners will not necessarily keep all the money saved from that 30% tax rate cut.

#### 1500

I have to say that in the last 10 years I think the lights have dimmed in Ontario, particularly in our factories. I think what's happening now, when we are hearing all these pieces of good news, is that the lights are going to be burning much later into the evenings, and maybe the nights, as shifts are added. I think the vote of confidence by the car industry is a very good example of what can happen in that regard.

I think the companies that we have all referred to in our opening remarks is an area that we should dwell on. I'd like to dwell on it for the moment. I think Mr Kwinter implied that these companies would have come to Ontario for any reason. I don't think that's quite true. I think that they have come here because the climate is right, and I'd like to quote from an article which appeared in the Economic Development Journal of Canada late in 1995.

There are 12 reasons why top firms want to come to various geographic locations or government locations, 12 conditions that they are looking for to create a favourable atmosphere in which they think they could operate. I'd like to go through each one of them.

Availability and skill of a labour force: I think that's very important, and we note that of all the things that we have learned from talking to the various business sectors in the last nine months is that they are asking for help to increase the skills of their labour force, and they want to be sure that there is adequate skilled labour available to them. We are going to make sure this happens. They feel this has not been available in this province.

They want a government that is pro-business. I think that says it all. Of all the platforms that were put forward in the last campaign, the Conservative government's platform certainly is the most pro-business, and that is number two.



The third is corporate income tax, and we've dealt with that, but they also talk about personal income tax as well. That is a very important factor, and I've already talked about that.

They want modern highways and mass transit systems or infrastructure. That is very important, and we are convinced that we have been slipping in that area over the last 10 years. We are convinced that the way to bring business to Ontario is to make sure our infrastructure remains strong.

I don't think I need to go through all of this, because it just keeps making the point that really Ontario is a very vibrant place under our new government.

I might say that tax increases never solve the debt and the deficit problem. I'd like to tell you that the total tax burden in Ontario, including taxes levied by all levels of government, is among the highest in Canada and has increased faster than the national average. That is why we have to have a lower personal tax rate in this province.

Ontario's high and growing rate of taxation has contributed to its weak economic performance over the years because it cuts into consumers' purchasing power, it reduces the incentives for entrepreneurs, as I mentioned earlier, and it makes it more difficult for companies to attract and keep highly skilled workers.

I was interested to hear what Ford had said to a previous minister. I can only tell you that Ford executives have told us how pleased they are with the new government and its policies. They basically have said to us: "Just make sure you give us the right climate. That's what we need in order to be prosperous in this province."

The fact is, the companies do not need grants and loans, and they've said that to us. Of course, when you're offering grants and loans, it's like free candy and when it's being given away, everybody lines up to get free candy. But we have learned from my discussions with the various sectors, of which there are 16 that I have spoken to, that they do not need grants and loans. They want the right climate.

I was pleased that we were able to speak, when I was in Davos with the Premier, to the chief executive officer of Ford worldwide. He confirmed what we had heard. He said he was delighted to know that Bill 40 no longer existed in Ontario, that Bill 7 had become its replacement. That's what he said, that labour law of the previous government had kept them from doing much in the way of new additions in Ontario.

I talked about the fact that companies do not like unpleasant surprises, and I can tell you, this was echoed around the world to all of us when we have been travelling recently.

There was mention of OBI or Ontario Bus Industries. There's just no way that this deal can be defended, in my opinion. The government should never have got into the business of being a bus builder. It left us with commitments and money spent of well over \$100 million. That's shocking. Just think what that \$100 million or more could be doing for people who really need help. Yet we're accused of not being mindful of people who need help. I would say that any government that put itself into a position like it did with OBI was not thinking about people who need help.

I heard also mention about de Havilland. I can only tell you that I have been to see this plant and that it will soon be profitable. But they once again confirm that it is the business climate that has increased orders for them lately and they say they're very grateful for the good—what shall we call it?—business climate, or environment in which to do business.

There was some comment about Algoma Steel. Once again, I think that could have been solved, and I know it could have been solved, without involving so much government financing.

Also, we talked about the waterfront, about Mr Li, and I mentioned that earlier. I don't mean to imply that it was Mr Harris alone who made that deal work, but I can tell you that it was him being elected and his party being elected with the policy that he had devised which swung Mr Li to make the final commitment. That's what made that happen.

There was also some talk about the deficit. I'm not the Minister of Finance, but I have a great interest in finances. I have been appalled that a government would continue to spend more money than it earns. Families can't, businesses can't, and if they did, they'd be bankrupt. We have a financial crisis, if you can call it that, in this province and it's been brought about by 10 years of waste, abuse and mismanagement, as far as I'm concerned. But I can only assure my opposition members here with me today that we do intend to balance the budget.

I can tell you that when we have been borrowing recently in international markets, Ontario is paying less of a premium when compared to relative Canadian government and US government bonds, and I think that's a vote of approval of what we are trying to accomplish in this province by the world financial community.

I don't agree with the employment figures that Mr Kwinter mentioned. He said that things really hadn't changed much from 1984 to now. I think that's what you said.

**Mr Kwinter:** Yes.

**Hon Mr Saunderson:** I think that you are wrong. I think now we have—

**Mr Kwinter:** Will you resign if I'm right?

**Hon Mr Saunderson:** I think that it's not necessary to go through that because—

**Mr Kwinter:** I will show you the proof that I'm absolutely right.

**Hon Mr Saunderson:** I think you may be counting one thing and we may be counting it differently. Now that we're on the subject, I would just like to say that from 1984 to 1994, 41% of new jobs were created in the public sector, despite having only a 21% share of employment. I just wanted to mention that to you. You may be accounting for it one way. I think the way I'm counting it is the correct way. Maybe we can get together and talk about this at a later time.

**1510**

I want to talk about the history of budgets. It was referred to by one of the previous speakers that there had not been budget surpluses for a long time. All I can tell him is that this is a new Conservative government and we mean business. We were elected on the promise of

creating a balanced budget by the end of our first mandate, and I referred to it earlier that we will be doing that. We are keeping our promises and we will keep that promise of a balanced budget.

"We have nothing to be ashamed of," one of the previous speakers said, "for the period 1985 to 1995." I think we have plenty to be ashamed of. It's a huge deficit which we all seem to agree is approaching \$100 billion. That huge deficit is reducing this government's ability and it would have reduced any government's ability to provide help where it is most needed. So yes, Ontario hasn't changed much in some respects, but it has got to change a lot for it to continue to be the province of hope.

I might say that sometimes it's implied that you have to do things to bring business to Ontario. I think the only reason the previous governments in effect gave grants etc to businesses was almost like a bribe because of the very bad atmosphere they had created in this province. They need not have done that had they run the province properly.

Moving on to a few other remarks. Somebody said economic growth depends on government assistance. I think that's a wrong statement. We have a history of loans which have been made which have in the main been not good for this province. When you are the lender of last resort, as we have been in this province with the development corporations, you also often get the worst deals. I think that's very evident by what's happened with the general history of the ODC loans. Interjurisdictional bidding is a bit of a mug's game. I think it tends to escalate and, as I said earlier, I just don't think it's necessary for us to get into that business.

To Mr Silipo, I have to say that we are not dismantling things that make Ontario great. We are reinforcing and rebuilding those things that have made Ontario great. I think the most important thing is a business climate that creates demand for goods and services and therefore creates jobs. I know I keep coming back to that, but I do think it's one of the most important things for this government to remember and I know it will. Certainly our ministry is constantly saying that what needs to be done is to create the good business climate.

Less government gives business the room to expand, without bureaucratic interference. I'm convinced of that. That is another thing that turned foreign investment off Ontario. It was the constant interference with their planning process which ultimately turned those companies off.

I've talked about the 30% tax cut and I firmly believe that's one of the most important things that we can give.

Tourism: I'm glad Mr Silipo mentioned Tourism. I'm glad he likes it to be annexed to the Ministry of Economic Development and Trade. I have to say that it's a reflection of leading by example. By cutting 27 ministers to 18 ministers, we are saying we are going to do better with less, as far as cabinet members are concerned.

I also might add that when I came into my ministry, I was shocked to know that my predecessor had a political staff of 34 people. My political staff is 10. Once again, I think we're leading by example.

As far as the Rama situation is concerned, we can talk about that later, if that is the wish of the participants. I have to tell you that at roughly 11:30 today we

announced that the construction would recommence as soon as the documentation, which has all been approved, is signed. I must say we found it very shocking as a government to come into power and find no proper legal documentation on an operation that to date has cost the Ontario government, and hence the Ontario taxpayers, around \$43 million. There is no way that that situation could be allowed to continue.

You might be interested to know that at the end of 10 years, the 131 native bands will probably have had at their disposal over \$1 billion. That's, as I say, over the next 10 years, and that will be very helpful to the first nation people. But I have to say that on that deal, the fact that we are going to receive our usual 20% on a casino operation was just consistent with what we've done before, but it certainly is required as well because of the financial situation that the previous governments have left this government in.

I think I'm finished with my rebuttal to what was said by the previous two speakers. Perhaps we might like to take a break.

**The Chair:** Yes. We could take a little break now till 3:30, be back here at 3:30.

**Mr Silipo:** Do we ever get to questions?

**The Chair:** Yes, immediately, as soon as you get back.

**Mr Silipo:** We're doing a lot of talking but not many questions.

**The Chair:** When you come back, there'll be questions. We stand adjourned until 3:30.

*The committee recessed from 1517 to 1532.*

**The Chair:** I'm going to try to go to a 20-minute rotation. I understand that all members are in agreement with that. We'll start off with the Liberals.

**Mr Kwinter:** Just for the record, to clear up a point, I said that in 1984 the public service number was 81,008; in 1995 the public service number was 81,251.

I should also like to bring to the attention of the committee that on February 6, 1995, Dave Johnson, who was then a member of the third party and who is now the Chairman of Management Board, wrote to the then Treasurer, Floyd Laughren, Minister of Finance, and asked a series of questions. One of the questions he asked is, "Would you provide the 12-month average population count for the Ontario public service for fiscal years 1985-86 to 1994-95?" He was sent a figure that said the head count in 1986 was 81,600; in March 1995, 81,600. The numbers are exactly the same.

I couldn't hear whether the minister agreed to resign or not, but I would suggest that when he suggested that I was wrong, he was in error and that is the number. I'll be happy to share this with you. This is right out of the 1984 budget, and this is right out of the Ministry of Finance. There you are right there, and you can mull over those. I just want you to know that the complement of the public service is exactly the same and will be reduced considerably.

I'm not questioning that. As I say, I have no problem with that. I just want you to know—and the minister confirmed it—that they live in a dream world. They tell themselves things and they think, because they tell it to them, they're right, when you're absolutely wrong.

I also want to talk to you about the taxes.



**Mr Joseph Spina (Brampton North):** That doesn't mean you can't restructure, Monte.

**Mr Kwinter:** I'm not saying that. All he had to do was say, "Sure, those numbers are the same, but we're going to restructure." I have no problem with that. But when he says, "You're wrong, those aren't the numbers, and I don't know where you got those figures because I calculate them in a different way," I'm saying, "You're wrong."

**Hon Mr Saunderson:** Let me just, if I may, comment back to you, though. I would like you to know that we're using a neutral source for our figures. I don't want this to be prolonged, but we are using Stats Canada, and our figures show 1985, 75,000; 1994, 91,000. That's why we said what we did.

**Mr Kwinter:** But I'm saying to you that if you can't trust your own people, then you've got a problem.

**Hon Mr Saunderson:** Well, these are Stats Canada—

**Mr Kwinter:** Well, you're talking Stats Canada; I'm talking the Ministry of Finance. If the Ministry of Finance sends me a figure and says, "This is what the complement is of the public service," do I say, "I don't believe you; I'm going to Stats Canada"? Why would you go to a source when you're a part of the government and you have that source available to you? Who knows better what the count is than the guys who are paying the salary?

**Hon Mr Saunderson:** Well, anyway, my figures stand.

**Mr Kwinter:** Fine. They don't stand very well.

The other thing I want to talk about is personal income tax comparisons. Again, this is not pie in the sky. You referred to the fact that "I heard somewhere that the tax figures were competitive." This is from the Ministry of Finance, September 1995—September 1995, okay? What they're saying is that when it comes to personal income tax comparisons, the top marginal rates in 1995, I admit Ontario is one of the highest. But the impression that you give is that it's way out of whack.

If you take a look at this bar chart, you'll see that the difference is very, very marginal for every jurisdiction other than Alberta. Alberta has a unique situation that we don't have, and that is that they have all of these well-head profits. But if you take a look at where we are—and I'd be happy to share this with members of the committee—they are very, very similar. If you take a look at the top marginal rates for capital gains, again we are certainly high, but when you take a look at the one next to us, we're at 39.9% and Quebec is at 39.7%. We are talking a very, very small difference.

**Mr Preston:** What's your definition of highest?

**Mr Kwinter:** I'm talking relativity. I'm not saying that all of them shouldn't be lower. I'm just saying that the statement the minister made is that we have the highest personal tax rate in Canada.

**Mr Preston:** That's true.

**Mr Kwinter:** It isn't. It isn't true.

**Mr Rollins:** Who's higher?

**The Chair:** Let's not have an exchange that way. We were doing very well so far.

**Mr Kwinter:** Who's higher? BC is higher.

Another statement I want to make is, when we talk about comparisons on corporate tax, this is the corporate

tax comparisons of statutory corporate income tax rates for manufacturing in 1995, again from the Ministry of Finance. This isn't from some Liberal hack who's feeding the information. This is from your own ministry. It says when we're talking about the statutory income tax rate, Ontario is the lowest of Ontario, Michigan, Tennessee, Illinois, the US average, Ohio and New York. We are the lowest. Okay?

When you talk about the corporate alternate minimum tax rates in Ontario, we are dramatically lower. This is Ontario at the very bottom here, and this is Illinois, Massachusetts, Michigan, New York, Ohio, Tennessee and Texas.

**Mr Preston:** And Sweden; they're probably higher.

**Mr Kwinter:** We're talking about our adjacent competitive jurisdictions. And I am not saying that you can't do better. I'm saying to paint it that we've gone to hell in a hand basket because our tax rates are way out of whack and people are staying away from Ontario because of our tax regime just doesn't stand up to scrutiny. And you can sit and try to rationalize it and try to give flippant remarks: "What about Samoa?" I'll tell you, you want to get a cheap place, go to Samoa.

But I'm saying to you that if you're making statements, this is the provincial corporate income tax rates for the manufacturing sector, and these are interprovincial comparisons. The jurisdictions in Canada that have higher provincial corporate income tax rates than Ontario are Alberta, Nova Scotia, British Columbia, Manitoba and New Brunswick. The only ones that are lower are Newfoundland, PEI, Quebec and Saskatchewan. Again, I'm not saying that that's perfect. I'm not saying that we should be happy. All I'm saying is that when it comes to the tax situation, we can improve it, but to portray it as being one of the major reasons why industry is fleeing Ontario doesn't stand up to scrutiny.

There's another issue I want to talk about.

1540

**Hon Mr Saunderson:** I don't think I said that, by the way. I did not say that corporate taxes were a problem.

**Mr Kwinter:** You said personal taxes.

**Hon Mr Saunderson:** I did say that.

**Mr Kwinter:** That's what I just said.

**Hon Mr Saunderson:** But you were just talking about corporate taxes.

**Mr Kwinter:** No, I referred to personal income tax.

**Hon Mr Saunderson:** You did talk about personal taxes. I'll tell you what the problem in Ontario was. Ontario taxpayers just felt burdened, weighed down with what had happened over the last 10 years: 65 tax increases, Mr Kwinter, in the last 10 years, 11 of which were income tax. They were psyched out. That's the problem in this place: The climate is not right. That's why we've got to get the economy right and the climate right.

**Mr Kwinter:** It's unfortunate that I didn't realize what we were going to get into, that this was going to be another reconvening of the economic and finance committee, or I would have brought my material with me. But I can tell you this, that when we talk about tax increases—and I'll be happy to forward this to you—the previous Tory governments put in far more tax increases

than the NDP and the Liberals combined. You can shake your head and you can say no, and I can tell you that you can shake till your head falls off, but the truth of the matter is that these figures are not mine. They're irrefutable, they're there in black and white, and they're from the Minister of Finance. So let us leave that area, because obviously we're going to agree to disagree.

But I do want to talk about some of the things that you talked about, like the vote of confidence in the car industry. I think it's important that we understand the car industry. These companies didn't happen because a semi-trailer was going down the highway and something dropped off and the plant landed in Ingersoll or wherever. There was a concerted effort by previous governments of all stripes to go out and attract those industries to give Ontario the economic clout that it has. When you see what is happening and the expansion, you're a little naïve if you think that expansion is taking place because of the negative or positive aspects of Ontario alone. When you consider that nearly 90% of that production goes into the United States, those decisions are made on the basis of what kind of capacity is available and what the competitive rates are.

In one of my last acts as the Minister of Industry, Trade and Technology when I shared the opening of the new van plant in Windsor with Lee Iacocca, in his speech he said that in the United States the fringe benefits cost more than the steel that goes into a car or a van. One of the attractive reasons for coming into Ontario is because of our health plan, because of our quality of skilled labour, because of our infrastructure, because of our proximity to the major market. All of those components are part and parcel of what makes this a competitive automotive jurisdiction.

The decision as to whether or not our auto companies thrive or wane has very little to do with what happens in the sales market in Canada, because most of that production—and you have to understand there's only a handful of models of cars that are even being built in Ontario. You go to the GM plant and they've got the Lumina and they've got the trucks and they had the Buick Regal; that's all that's made there. Most of that production goes into the United States. Most of our other car sales are imported, whether they be from Japan or Korea or the UK or Germany or the United States.

What determines the success of our automotive sector is the market in the United States, because if that market goes soft, our market goes soft. All you have to do is see in the paper that a GM plant—I think it's in Ohio—has gone on strike and they are immediately laying off employees in Ontario, because that's where those parts are coming from.

So the only thing I'm questioning is that the automobile industry and most of our major industries are not so sensitive that suddenly one government is in and, bang, "We're going to invest," and the other government is out, bang, "We're not going to invest." They have a huge capital investment. That capital investment has to be protected. It has to have add-on investment to make sure it's still competitive, it's still viable. I absolutely agree that if you do have a hostile environment, you may not get any more of that investment. I have no problem with

that at all. But I would have to also say it's going to have to be a pretty violent environment for someone to walk away from that kind of investment.

It used to gripe me because, you know, all businessmen are the same. They will tell you one thing—and I would like to leave a story with you because it might put some rationale in the minds of members sitting on the opposite side and the minister. When you're in business, you've got to deal with the government no matter who they are. They will come in and they will tell you anything you want to hear because they have to deal with you.

I sat with a member of the previous government at a dinner with a major player, and all he did was sit and berate the government: "These guys are terrible" and "These guys are horrible" and "They're doing this and that and the other thing." I said: "Why are you telling me? There's a minister right over there. Why don't you go and tell him?" It just happened they were sitting beside each other. The next day I ran into this minister in the House. He said, "That was a nice event last night, wasn't it?" I said, "Yes." He said, "Gee, a great guy; he thinks we're doing a great job." I said, "Interesting."

What do you want them to say? They need the government for whatever. They want to have access to the government. They're going to tell anybody who's in power: "You guys are doing a good job. I think you guys are doing a great job." But you've got to know what is really going on behind.

**Mr Rollins:** Practise what you preach, then. Don't make us feel bad.

**Mr Kwinter:** What I am saying to you is that one of the criteria, when you look at your list—and the minister started to read out the list of what constitutes a good environment. The availability of a skilled labour force: absolutely critical. I want to tell you another interesting story, because I think it's important.

**Mr Spina:** No more hot dogs.

**Mr Kwinter:** No, no, no. This is another story.

We had a major problem in Ontario, and the problem was that we have a major automotive sector and because of problems with pension plans, Goodyear left New Toronto. They left in a very, very bad environment and they were gone. We as a government decided that it made no sense, when we build so many cars, that we would be importing tires. So we were able to go out and convince Goodyear to come back into Ontario.

The ministry people have location services to go out and try to find a site. They went out and they came back to Goodyear and said: "We've got a great site for you. It's in Morrisburg, Ontario. It meets all your criteria. It's near the 401. It's got power, it's got water, it's got good terrain." They said: "Thank you very much. We'll consider it." Then they came back and said, "We are going to Napanee." People in the ministry: "Napanee? How did you ever get to Napanee? We never even showed you Napanee." They said, "That's where we're going."

When I signed the agreement on behalf of the government with the president of Goodyear from the United States, I said to him, "Now that we've signed the deal, could you tell me why you went to Napanee?" He said, "I'd be happy to share that with you." The reason, he



said: "We decided we wanted to be east of Oshawa because we didn't want to have to deal with the traffic in the Golden Horseshoe. We wanted to be within 150 miles of GM, because they were our biggest customer, for just-in-time delivery. The major criterion is we wanted to be in a municipality or a region that had a good technical high school. In our opinion, Napanee has got the best technical high school in eastern Ontario. That's where we put our plant." That was the reason that plant went there. He said, "I want you to tell that story to people, because we can teach people to make tires, but we can't teach them how to be taught to make tires, and we need those people because they're going to have to learn all sorts of things."

So it's important. Skilled labour is critical, and it's going to suffer as a result of some of the cutbacks that we see, and then we lose our competitive advantage.

I've already talked about the corporate income tax and I've said to you that there's no reason we shouldn't try to get it lower, but we are certainly competitive.

Modern highways: I'm sure you know, and we heard in our pre-budget hearings, that the Ontario Good Roads Association and the roadbuilders said that 60% of the highways in Ontario are below standard. I drove to Ottawa a couple of weeks ago. I couldn't believe it. I was on Highway 401 just past Kingston. There were potholes that you could almost go into. There isn't money being spent on that kind of infrastructure, and we're going to suffer because of it. It's going to really reduce our competitive advantage. We are going to have problems with a lot of the things that have made us attractive.

1550

We're talking two kinds of investment. You've got your investment that is domestic. These are people who live here and have to survive and have to make a living for their families and their children, and they need an environment where people have got money and they're spending so that they can do whatever they're doing, either get a job or survive in their business.

But then you have foreign investment, and that is far more critical to us because that is something where it's a plus. If you get a huge factory that wasn't there before, and you get it now, then you get all of the spinoffs. You get the taxes, you get the employment, all of those things. When you're trying to attract those things, you don't do it in a vacuum. You're competing with Kentucky and Alabama and Ireland and all of these places, and they go where they can get the best return on their investment as close to their market as they can get, which means that we don't have a lock on it. We don't have a lock on it by just going out and saying: "Aren't we great? You should locate here."

They'll take a look at it and say: "Why should we? If we invest there, what is going to be our rate of return on our investment? What is going to be?"—all of the things that make up the total picture of what makes that determination. It isn't just one thing. It's quality of life. "Will our executives go there? Can we attract our top executives to settle in Ontario if the infrastructure is falling apart, if the school system is lousy, if the health care system is bad?" All of those things contribute to what has been the quality of life, and that's what's made us the powerhouse that we are.

**The Chair:** Thank you very much.

**Mr Kwinter:** I was just warming up.

**Hon Mr Saunderson:** That was a lot of questions.

**The Chair:** Yes, but it's Mr Silipo's time. He gave you no time in which to respond.

**Mr Silipo:** Maybe Mr Kwinter and the minister can negotiate some time at the next round so that he can answer those questions, but let me try this. Minister, I'm actually going to try to ask you some questions, and if I can be short in my questions and you short in your answers, we can maybe get through a number of areas.

I want to start with tourism, because I want to pursue this point. When you talked earlier in response to my comments, you said that you're happy that we're going to be doing better with less, but you talked then about ministers' roles. I'm quite happy with you taking on that responsibility of running the Ministry of Tourism, particularly given that you have much less to do than your counterpart in the area of economic development, but what I was really getting at was the sense of surprise, if not betrayal, within the tourism industry that by virtue of the 53% cut to the budget allotted to the Ministry of Tourism—and again I take that from the Ontario Hotel and Motel Association, its presentation to the legislative committee on the pre-budget hearings—they don't see that as being any kind of support for the industry. How do you justify that kind of cut at a time when you're saying the tourism industry is one that you want to continue to support?

**Hon Mr Saunderson:** I'm happy you ask me about that. The tourism industry is a very important industry in Ontario, as you know. It's our fourth-biggest export industry. It is the epitome of small businesses in this province.

I had the great pleasure of attending the Northern Ontario Tourist Outfitters annual meeting in late October. I hasten to add that winter had begun in about the middle of October there and it hasn't stopped. So I was there at the beginning of winter. In any case, when I was there and spoke to those people who are, as I say, the epitome of small business—and I think that's typical whether it's southern Ontario or northern Ontario, eastern Ontario or wherever—these people are very pleased with what this government is doing for the individual owners of tourist facilities.

The very fact that the first \$400,000 of payrolls are exempt from the employee health tax really impacts on small business people in a big way. That's at least \$10,000 saved for those small business people, and that alone was the greatest encouragement we could give them.

The second thing that we were able to talk about was freezing the minimum wage. We have the highest minimum wage of any province in Canada. Now we are going to freeze it, and have frozen it, and allow the other provinces to catch up. But this means that for the summer jobs offered to students, there is a predictability in what people will be paying their summer help, and the same applies to the winter help in the ski area as well.

The fact that we've lowered that personal tax rate, which I have spoken about already today, means a big saving to those people because it means—they're entre-

preneurs and money for entrepreneurs usually flows right down, in a profit point of view, to that entrepreneur as income. The fact that they will pay less tax means that they will have more money left over, not to go off and spend in some frivolous way, but they will put it back into their business, and that's what they told us. You have no idea until you go up there and see what an austere life it can be up there, and any saving, cashwise, is a big assistance to those people. The fact that they can be predictable on hydro rates over the next five years because they have been frozen, that is a big, big help to those people.

Another thing that they really value from what we have done: The corporate filing fee, \$50, not a lot of money but a headache as far as time is concerned.

**Mr Silipo:** Minister, I'm sure that they're all delighted about those things but—

**Hon Mr Saunderson:** You have to hear me out just for a minute, though.

**Mr Silipo:** You haven't answered my question. I asked you about—

**Hon Mr Saunderson:** You asked me what we're doing for the tourist industry. We're helping them in this way.

**Mr Silipo:** No, I asked you how you justify the 53% cut in the ministry's budget.

**Hon Mr Saunderson:** Well, I'm telling you that, because of the personal help and the tax point of view, we can help them a lot, and I'm telling you that they're most appreciative of what we've done from the tax point of view.

**Mr Silipo:** I can tell you, Minister, the Ontario Hotel and Motel Association isn't appreciative of the fact that you've cut them by—you've cut the industry, not them—but you've cut spending inside the tourism industry which, as you correctly point out, is one of the largest industries that we have in this province, you've cut funding by 53% and they're saying that doesn't make a lot of sense to them.

Let me move on to something else because I want to try to cover as much ground as we have in the limited—

**Hon Mr Saunderson:** Those figures aren't right, and the proper economic climate—

**Mr Silipo:** That's why I'm asking you the question.

**Hon Mr Saunderson:** —is the most important thing you can give an industry. You can provide all sorts of marketing etc but if you don't provide the right climate for people to want to come here—I have been in Germany and in England where we have a very good partnership with the private sector to get people to come to this province, and let me tell you, tourism from those two countries went up 11% in the year just finished and—

**Mr Silipo:** And I agree with you, Minister—

**Hon Mr Saunderson:** Wait a minute—and we're expecting they'll be up by 15% this year, and why do they come? Because we've got clean, safe cities, and we can all take some credit for that.

**Mr Silipo:** Right. We had those before you became the government.

**Hon Mr Saunderson:** Yes, for sure, but we've also provided, with our tax incentives to the small businesses

who receive these tourists they can improve their facilities and they are encouraged. Our cross-country skiing facilities are attracting people when they haven't before this year.

**Mr Silipo:** Minister, you will have nothing but an ally in me as far as promoting tourism, not only in the United States but across the world and Europe in particular, and many other jurisdictions. You will also find, I believe, if you look at what those jurisdictions are doing, that they invest, the government invests directly a lot more than Ontario does in attracting tourism.

I think you need to look at that area very, very seriously if you're serious about tourism continuing to be a viable industry in this province and a growing industry. You can't simply say it's a question of climate. Yes, climate is important, but what the government does and what, quite frankly, you do as minister is equally as important.

Let me move on—

**Hon Mr Saunderson:** Before you leave that, though, may I say that your government cut Tourism dramatically and it's over the last five or six years that we've seen the dramatic cut in the tourist budget.

**Mr Silipo:** We cut it nothing like you did, Minister. But I'm not here to quibble about what happened before you took government. We're talking here about—I know you said at the beginning that you're in this awkward position of technically defending the estimates of your predecessor. I'm trying to have to talk about your actions and your record, and not those of the predecessor.

**Hon Mr Saunderson:** And I'm telling you what they are.

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**Mr Silipo:** Let me talk about casinos, first Casino Rama. You announced this morning an agreement that has been struck, as you see it, with the first nations that puts into the coffers of the government 20% of the gross revenues. I want to ask you, Minister, what changed to justify that kind of hike of funds away from the casino? What changed in your position and your government's position from the time that you took office when you said, "We don't have a revenue problem, we have a spending problem?"

Why is it that all of a sudden, very recently on February 8, you halted construction in order to be able to, when people's backs were up against the wall and they were expecting the casino to open in a matter of weeks, you halted construction as a way to force the issue and take 20% of the profits from the proceeds? Why all of a sudden do you have a revenue problem that you have to fix by taking some \$300 to \$400 million a year from Casino Rama?

**Hon Mr Saunderson:** First of all, we're elected to protect taxpayers' money, and I mentioned earlier today that \$43 million has been spent by the government in order to get the casino as advanced as it is. When we looked at the issue and we saw the fact there was very—well, there was no paperwork as far as proper legal documents were concerned, we said that we had to draw the line, and so we did. We had to consider all the factors.

The previous government got us into this problem, it was not us, but we thought it was a responsibility to the



taxpayer to get proper documentation. As I mentioned, we have that now. We have a proper ground lease to be signed, a proper operating agreement to be signed and a proper financing agreement.

**Mr Silipo:** Why did that justify a change in the fundamental position that had been taken by the previous government that the proceeds of the casino would go entirely towards a first nations economic development fund? Why did it take you from June 8 of last year until February 8 for you to, all of a sudden, discover that you wanted to change that position? What's the justification for that?

**Hon Mr Saunderson:** This 20% is consistent with other off-the-top revenues that came from the Windsor casino, and we feel that that is a proper figure. It was the previous government who negotiated that agreement—negotiated it very poorly, I might say, without proper documentation—and therefore, as a new government with a new situation, after considering all the options, we felt that's what we had to do. You talked about having a spending crisis. Well, a spending crisis ultimately leads to a revenue crisis, and that's the situation we found ourselves in.

**Mr Silipo:** So all of a sudden there's a revenue crisis that would justify you changing that position.

I guess what I'm getting at, you can put it under the umbrella of paperwork that there wasn't a proper agreement signed, but you know better than I that the process that was followed with respect to the development of the Rama casino was exactly the same process that was followed with respect to the development of the Windsor casino. That is, that not all of the agreements were signed before the process to develop the casino was begun, that all of those processes were followed as time went along.

You can try to hide under the fact that the paperwork wasn't completed, but that doesn't answer the fundamental question about why it took you from June 8 of last year to February 8 of this year, weeks away from the opening of the casino, to all of a sudden decide that you now wanted to take 20% of the profits, 20% of the revenue from the casino.

**Hon Mr Saunderson:** Mr Silipo, I'm a chartered accountant and I have to care for the finances of—that's how I've been raised, to appreciate the finances of any organization I'm involved with. The fiscal situation, the documentation situation was not in proper shape and that's why we had to do what we did. I'm happy to say that today we were able to announce that the agreements have been properly drawn up.

Mr Harnick, my associate, is regulating and discussing with the first nations how they will deal with these funds. As I mentioned earlier, at least \$1 billion will have accumulated to the 131 bands of Ontario after the first 10 years of operation, and that's a very conservative guess-timate.

**Mr Silipo:** What about the \$300 to 400 million a year that they will not be getting as a result of this agreement?

**Hon Mr Saunderson:** That's just the way it's going to be. I think the previous government was not thinking clearly when they made that arrangement.

**Mr Silipo:** Why did you not make that decision or the announcement that that was your changed position from

the previous government some time earlier than February 8? Why did it take until February 8 for that position to come out?

**Hon Mr Saunderson:** We were hoping, of course, that the documentation was going to start to be completed but there was a malaise which we—

**Mr Silipo:** The first nations weren't made aware until around February 8 that you wanted, all of a sudden, that kind of profit-sharing to be part of the agreement.

**Hon Mr Saunderson:** I think the first nations have known for a long time that they would be sharing in revenues and it was up to them to decide how they would share those revenues and what percentages—

**Mr Silipo:** But you waited until we were weeks away from the opening of the casino to stop construction and use that, quite frankly, as a bartering tool to get the deal that you wanted.

**Hon Mr Saunderson:** We were using a very prudent, cautious approach, and that's what has forced us to do this.

**Mr Silipo:** Let's talk about the agreement that you struck. It's my understanding, Minister, from discussions that we've had this afternoon with people from the Rama First Nation that there may not be in fact an agreement that they can live with. If that turns out to be the case, what's your position? Are you going to stop construction again?

**Hon Mr Saunderson:** That's not our understanding. As far as I'm concerned, the three agreements that were required have now been drawn up and they will be signed. Until they are signed, of course, the construction won't go ahead, but we feel the agreements are reasonable and will be signed. I don't know what you're quoting, but—

**Mr Silipo:** We'll all wait to see.

**Hon Mr Saunderson:** We have every indication, by the way, that they will be signed.

**Mr Silipo:** I want to move to a question on the other casino that you like to use as an example of how things should be done. In that casino, which has been bringing hundreds of millions of dollars to the provincial coffers, some \$282 million in the 1994-95 fiscal year alone, it's just come to our attention a few days ago, and this was brought to your attention by my colleague Dave Cooke in a letter that he sent to you on March 4, that Windsor casino has announced the layoff of 78 cashiers and slot machine attendants.

Why would that action, Minister, be acceptable to you or be justified in a situation where you have, to use your own approach—you say: "Private business will create the jobs. We create the climate." Here's the closest that a government entity can be to being in the private sector, certainly bringing in lots of money for people, employing lots of people and at the same time bringing in lots of money to the provincial coffers. What's the justification in laying off 78 people who have been working and helping to bring about those profits?

**Hon Mr Saunderson:** I hope you're not implying that we should start interfering with how businesses run themselves. We don't work that way; other governments might have but we don't do that. Listen, I have to tell you that like other tourism-based industries, any industry,

and the casino is no exception, is subject to some seasonal fluctuations. Just think about it. The winter months are typically slower for certain industries, in particular the casino business. It's probably weather-related as well.

The Windsor casino has worked very closely with the union to fine-tune staffing down there. Fewer than 100 staff have been laid off and the majority of those people are part-time employees, and I'm sure that in the spring, when the weather picks up and people are more mobile, they will be hired back. But that's the reason.

**Mr Silipo:** I find the contradiction really interesting, Minister. When it comes to Casino Rama, you have no problems interfering, in fact stopping construction, getting right in there—

**Hon Mr Saunderson:** There's no comparison about what you're speaking.

**Mr Silipo:** —feet-first in order that you can control the level of revenue that comes to the government. When it comes to the Windsor casino, you're saying: "It's not our decision that 78 people have been laid off. That's just a business decision."

**Hon Mr Saunderson:** If the proper agreements had been in place as far as Rama is concerned, this never would have happened, and you know that too. But if you were a businessman, Mr Silipo, would you want to have something going on without proper legal agreements?

**Mr Silipo:** You know that's not the issue, Minister. You know that's not the issue. The issue is not, were all the agreements signed? You know, and your officials can tell you, that not all of the agreements in the Windsor casino were signed before the decisions were made around who would run the casino, around the planning for opening the casino, and in fact you don't seem to be complaining about that. You don't seem to be complaining about the revenues that are coming into the provincial government, as we would not have complained, with respect to the Windsor casino.

**Hon Mr Saunderson:** Let me just assure you that the basic agreements that are necessary to run a casino were in place in Windsor before it opened, long before it was completed.

**Mr Silipo:** It could have been in place in Casino Rama too, if you'd allowed the process to continue.

**Hon Mr Saunderson:** I don't think so. I'm sorry.

**Mr Silipo:** Let me come back to the jobs issue, Minister, that's related to the Windsor casino. You made the point, and I want to come back in the next batch of time I have more to this, around the question of "business will create these jobs." We just create the climate, is your approach, and business will create the jobs.

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Where is government's responsibility to ensure that business lives up to its responsibility to create those jobs? How can you just simply stand by and say, "A profitable business like Casino Windsor is"—however else you want to describe it, it certainly is a profitable business, to the tune of hundreds of millions of dollars to the provincial coffers. How can you justify allowing them to just proceed, to continue to make those profits and lay off workers? What we're seeing there is quite frankly what we're seeing with respect to the banking business, what we're seeing with respect to lots of other businesses, and

I think what matters most to the average person out there is, do they have a job or not?

You can't continue to say, "We'll let business create the jobs; we just simply, as government, have to create the climate," and wash your hands completely of the responsibility when particularly entities like Casino Windsor are just proceeding to make more and more profits. Again, I'm not arguing with the fact that they're making those profits, because they're helping all of us by doing that, but there again they're doing it, in this case, at the expense of 78 people and their families. How do you justify that?

**Hon Mr Saunderson:** I can tell you that we have to run that operation like a business. Those people who have been laid off are part-time, as I said earlier, the majority of them are part-time, and in the spring they're going to be hired back, I'm convinced of that, when things pick up.

There are layoffs in every industry, Mr Silipo, you know that, and we cannot start, as a government, telling people when to do something in the business world. That's exactly the climate that existed before. We don't want that to exist again. It's what business has said to us, whether it's in the United States, Germany or France, "We like what you're doing in Ontario; we like the climate." By the way, you know what they really said? "If you'd done only one thing," and that was to get rid of Bill 40, "we'd still be there in spades." So that's the difference.

**Mr Spina:** I just want to address a situation mentioned earlier, what appears to be just leaving the private sector alone, and the comment Mr Kwinter made with respect to the tax cut, that it would never work in terms of creating jobs.

Yesterday, you recall, I was challenged when I brought some of this because they wanted to know the source of my numbers. I'll give you the source of the numbers before I begin my comments. First of all, the numbers that I will be giving you come from the US Census Bureau, the US Treasury office, the Federal Reserve and the Congressional Budget Office. Those are the sources of my numbers.

For years, people have represented the prosperous 1980s as an example of the failure of conservatism and Reagan-style tax cuts. From 1982 to 1989, 19 million net new jobs were created, two thirds of them high- or middle-plane, and resulted in the lowest unemployment rate in 16 years as a result of the tax cuts.

The economic growth that flowed from the tax cuts in the US increased federal tax revenues in the 1980s by \$1.1 trillion; that's right. Reductions in marginal tax rates actually caused an increase in total tax revenues. The additional federal tax revenues contributed to the reduction of the federal deficit from 6.3% of gross domestic product in 1983 to 2.9% in 1989.

Furthermore, the Reagan tax cuts produced a 76% jump in new business investment in real, adjusted-for-inflation dollars in the 1980s, and furthermore tripled the rate of productivity growth.

Eighty-six per cent of the tax filers of the poorest fifth of families in 1980 moved out of that bottom quintile by 1988, and furthermore, 16% of them moved all the way to the top fifth of income earners.



Real family income declined each year from 1979 until 1982 and declined each year since 1991 to the present. The Reagan years, which are sandwiched between those two periods of shrinking income, produced a real increase of \$4,877 in median family annual real income.

What does all this mean? Simply put, the 1980s under Reagan was not a decade of greed, where the rich got richer and the poor got poorer. Jeez, that sounds like a really familiar phrase, doesn't it? That's bunk. The Reagan tax cuts led to job-creating businesses, and entrepreneurs led the longest period of economic growth the US has ever seen for all income levels. Tax cuts create jobs. That's what Mike Harris is trying to do in Ontario. Thank you, Mr Chair.

**Hon Mr Saunderson:** Is that a question?

**Mr Spina:** No, Mr Minister, it's an endorsement of your policy.

**Hon Mr Saunderson:** It certainly is.

**Mr Preston:** Make it into a question: Isn't it right?

**Hon Mr Saunderson:** It's very right.

**Mr Spina:** Yes, there you go. There's a question.

**Mr Preston:** Mr Chairman, can we reserve our time until the end, the balance we have?

**The Chair:** I don't know what you mean about that. It's 20 minutes you have in rotation. If you want to skip your time now—

**Mr Preston:** I think you get my drift, don't you? If we don't take up our time right now, does somebody else get it?

**The Chair:** It sounds drifting to me.

**Interjection:** We're going to be out of here at 5 anyway, aren't we?

**Mr Spina:** Or do we call the question?

**The Chair:** The bottom line is, we are out of here at 6 o'clock. If you want to rotate it to Mr Kwinter—

**Mr Preston:** For 20 minutes.

**The Chair:**—past that time, I'm all right with that, because you've used up about four minutes of your 20 minutes already.

**Mr Spina:** I have a question of the minister with respect to the issue that Mr Silipo was talking about. It's my understanding, from the structure of the way the casinos are, Minister—is this correct?—the 20% that the province gets in net revenues from casinos, was that not already in legislation when the casino corporations were created?

**Hon Mr Saunderson:** I'm going to ask my deputy to respond to you because she is a lawyer and was very involved with the legal aspect of the arrangements with Windsor. You're quite right, but I'd like her to explain that to you.

**Ms Judith Wolfson:** The minister just answered the question, Mr Spina. There is a statutory provision that 20%, that of the government, goes into the CRF. As a matter of fact, it goes to the Ontario Casino Corp and then indeed reverts to the province. The province can do what it will, obviously, with those funds.

**Mr Spina:** So from a legal point of view and from a policy point of view, this government didn't change the game plan, as is indicated by some of the others.

**Ms Wolfson:** The 20% would always go to the Ontario Casino Corp for use by the government as it sees fit.

**Mr Spina:** Did the last government make some commitment to the Rama reserve that was different from that?

**Mr Silipo:** It sure did.

**Mr Spina:** Then they broke the law; is that correct?

**Ms Wolfson:** No, Mr Spina. Let me be quite clear about this. The revenues from casinos in the Ontario Casino Corporation Act, if I'm correct—I have the president of the corporation here to assist, if necessary—all revenues come into a pot, if you will; 20% goes immediately to the Ontario government, and the Ontario government can choose to do what it will. The previous government chose to allocate those funds in one way, the government today has chosen to allocate those funds in different ways, but no one broke the law. Those funds, 20% of the gross winnings, would come through the Ontario Casino Corp to the government of Ontario.

**The Chair:** Mr Spina, if you need more of an explanation, there are other staff there who are quite knowledgeable and can come forward any time to get the facts straight.

**Mr Spina:** I'm comfortable with the reply.

1620

**Mr Carr:** Thank you, Minister, for appearing here today. I wanted to get a bit of a sense of some of the reaction around the world to what the government is doing, and I know you mentioned in your statement at the beginning that you've had a chance to see some of the foreign reaction. Is it too early for people in other parts of the world to get a sense of where the government is going, and could you maybe give us a little bit more detail of what some of the reaction is? I'm thinking not only in some of Europe but in the United States as well because, as you know, that's our biggest trading partner, with the vast majority of our exports going there.

What is the sense, around the world, of the government and the changes? Is it still in a period of wait and see—the Premier, obviously, was meeting with people to try and get the sense out there—or what exactly are the people in the rest of the world saying about the new Ontario government?

**Hon Mr Saunderson:** I think I'd like to comment, Mr Carr, by talking about my own experiences into the United States and to Europe. We were in the United States in early December, both in New York and Chicago, and they really, at that stage, hadn't heard that much about what we were proposing. Bill 7 was relatively new at that stage, and they wanted a clear explanation of what was in the bill. As you know, there are about three main areas which concerned them, and of course the one was to have replacement workers. That was most important to them.

The second one was that when you buy a crown corporation or something affiliated with government, do you have to take with you the labour arrangements? That's typical of all purchases, by the way, but that was something they wanted to know about, that if they were to purchase something in Ontario, would they inherit the existing labour rules?

I guess if people were interested in anything, it was basically the labour changes in Ontario. Yes, of course, you could talk about the personal tax rate and that. They

understand that, and as Mr Spina eloquently outlined the benefits of a tax cut as it happened in the States—so they understood all that. But for them to see that the government was getting out of the way of business, to do things without a lot of bureaucracy, and it could be in any area, such as environment or other areas, they were most pleased to hear that.

That was the message from the United States. Keep in mind that they are our biggest trading partner. There is a population of 120 million people within a day's drive from the province of Ontario, so obviously they are our biggest trading partner. We ship to them; they ship to us. The fact that they had the spirit of the entrepreneur alive in Ontario again certainly appealed much to them.

To go over to Europe, in London probably the most important thing we did was to accept an offer from the British government to help us on trade, and that is to help us with our business ambassadors program which we will be announcing in the near future. This is a new program for Ontario, and we had the benefit of meeting with Lord Fraser, my opposite person in the British government. We were able to get from him some guidelines and some suggestions on how to do this. They felt that with the climate we had, we would be remiss if we did not have the assistance of senior Canadian business officials, who travel the world, not out there talking for us. That was very useful, but I think it was the new climate here that brought us together with the British government so that they could impart to us their experiences.

We had a chance to talk to other areas at a lunch meeting arranged by the high commissioner to London. I might say I found that the Canadian High Commission and the embassies in any country I have travelled in, and I know the Premier feels the same, are extremely helpful, certainly the unbiased bureaucrats, if you can call them that, and helpful to whoever is in power.

When we met with Mr Frith at the high commission, we met with a number of companies and they were all selected companies who are doing business in Canada. I think one of the most important things we can do is to almost thank people for investing in Ontario. When I ran a business, I ran it so that I was conscious of my clients. Once you have a client, you never want to lose that client because it's bad publicity and it's also a financial loss. So we spent a great deal of time talking about the climate in Ontario to these people and they realized when we spoke that what we were doing here was going to make them more profitable, and giving them a better climate in Ontario certainly was the bottom line for them.

We met with major pharmaceutical companies and food companies in England. All of these companies do tremendous business here and they're going to expand wherever they think they will get the best reception. I don't know that I should say names, but one of the largest pharmaceutical companies was very pleased to hear about our desire to try to make life easier for businesses in Ontario, and for their particular business because the pharmaceutical business has a lot of intellectual property to protect etc, without getting into too much detail there.

We wanted to go to a large food and beverage conglomerate because they had just made a big investment in

Ontario, and they had made it basically because of what had happened in the election. We felt that a call to them would be a courtesy to make them feel comfortable with their decision and to let them know we had no intention of backing off what we had said we were going to do, because there are some newspapers in this province, particularly in Toronto, which make people believe that we may not follow through on our promises. We intend to follow through completely.

The other thing we did, no matter where we were, was to champion our achievements in Ontario. Yes, some of them came with previous governments. One of the most important things we can do as Ontarians or Canadians is to be proud of our achievements. We were very proud to be able to be in Frankfurt and talk to them about our SkyDome technical abilities with the retractable roof because they want to build a domed soccer field with a retractable roof.

**Mr Carr:** You might not have wanted to mention how that got financed. There's a little problem there, but it's a great structure.

**Hon Mr Saunderson:** Anyway, that is almost in place. When the financing gets in place they will go ahead, but the bottom line is that we went because we were asked to go to a meeting in Frankfurt by the consortium that is going to be building this stadium. These are Ontario people, so we wanted to go there. That's another thing that was important on the trip, that we were out there supporting business people who were in Europe at the same time as we were, trying to sell something for themselves. They also told us when we talked to them—many companies—that they had every intention of going on an expansion kick in Ontario and that made us feel very good.

Those were sort of the highlights and it was typical whether we went to a pharmaceutical company in England or in Germany. We were able to tell them the story about Ontario and we were extremely well received. In France—it was our last stop on the way home—they had the biggest turnout they've ever had at the Franco-Canadian association, and once again, companies that are operating in Canada and basically in Ontario.

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The last thing I want to mention about the trip was the facility it gave us to talk about tourism in Ontario, and I've already spoken to Mr Silipo about the benefits that we are giving, we think, to the tourism operators. We have a partnership with the private sector in both England and Germany, and it gave us the chance to meet with those people and tell them what we were doing in Ontario, but also to learn from them what people from those two countries are looking for.

We came away feeling that our money was well spent for those people to be marketing Ontario and trumpeting Ontario as a real place to come. The holidays they are providing through this partnership are fly-and-drive trips for people: fly to Toronto and then it's the centre of so much to do in Ontario, or fly and shop. Believe it or not, shopping in this city or any part of Ontario is cheap compared to Europe. When I was a graduate student in Europe in 1956, there were four Swiss francs to the dollar; now it's less than one. The same thing: If you



wanted to buy it in Europe, you could probably buy it for at least half-price, high-quality stuff, the same thing you could buy here.

The trip afforded us the opportunity—I know Mr Kwinter did much travelling when he was in this ministry selling Ontario, and I think it's very important that we get out and market our province and, as I said earlier, champion what we're good at and our abilities and our capabilities.

**Mr Carr:** One other—

**The Chair:** You've got about a minute more.

**Mr Carr:** That's not much time. This is a question you may not be able to answer anyway, because it's coming from the Minister of Finance and some of the initiatives in privatization. As you know, our whole agenda is to downsize the public sector while we upsize the private sector. That's what the whole tax cuts are about. As we downsize the public sector, there will be a tremendous opportunity for the private sector to get into some of the things that the public sector is now doing. I've heard Mike Harris say that the private sector does the job faster, better, cheaper and at no expense to the taxpayers.

Is Economic Development doing anything to encourage—of course a plan isn't out for privatization, but the opportunities that will be out there in the private sector to take over doing some of the things that have been done in the public sector, have you got your mind around that?

**Hon Mr Saunderson:** Yes, we do. We're very conscious of trying to do things better outside government. We are working with Bell Canada on a reservation system for tourism and we feel they can do it cheaper and better than we can. We hope we will be able to announce an arrangement with them in the near future, where they will have spent a fair amount of money doing research so that they will provide a reservation system for anyone who dials a certain number—it'll be an 800 number—telling them what facility they might want to stay in at Niagara-on-the-Lake and what facilities are around there for tourism. That's just an example of what we're doing and it is a form of privatization, obviously. There are many more examples like this.

**Mr Kwinter:** I'd like to ask the minister a couple of questions. The minister takes great store in the fact that he's run a business, that he's a chartered accountant. I'd like to give him a hypothetical question and I hope he can answer it.

If you were approached by one of your clients who said: "I need your advice. I'm going to the bank. This is my business plan. The business plan shows that we've got long-term current liabilities of \$100 billion. We expect over the next four years we will have increased those liabilities—"

**Hon Mr Saunderson:** How much is that again?

**Mr Kwinter:** About \$100 billion. "We will have increased our long-term liabilities over the next four years to maybe \$120 billion, \$130 billion. We won't have break-even until the year 2001, but we want to approach the bank to lend us another \$5 billion so we can declare a dividend." What would your advice be?

**Hon Mr Saunderson:** I certainly recognize your client, or my client, if that's what you're giving us. It's

a bit hypothetical. I don't know that you run governments quite like you run businesses per se.

**Mr Kwinter:** Oh, boy, I can't believe that. I can't believe that.

**Hon Mr Saunderson:** No, you don't.

**Mr Kwinter:** That is the hallmark of this government. They run it like a business.

**Hon Mr Saunderson:** I'm saying you don't run them quite the same. You might run it in a businesslike way, but it is very hard to turn a ship around, like this financial situation we have inherited here, within a very short period of time. It takes time. You have to use a gradual, sensible approach. But I would say to that client if they came to me and asked for some advice, "Make sure you have a climate that will allow you to attract new customers." That's what I think this phantom client you're talking about—that's the best advice I could give them, "Make sure you have a climate that is going to attract new customers."

We're doing that. I don't think it's necessary for me to go into all the reasons and all the ways we're doing it, but if you build it, to coin an expression, they will come. So we're doing that. That would be a good answer and a bank would be receptive to that.

**Mr Kwinter:** I would love to see the banker who would give you the \$5 billion.

**Mr Preston:** That's our problem. The bankers aren't going to give us that \$5 billion because of the past record.

**Mr Kwinter:** Let's go to another area. I'd like to ask you a question. I apologize for not knowing exactly the responsibilities because there is an overlap and I haven't quite—I understand it's in the casinos but I don't know whether or not—there's certainly going to be an impact on your ministry. I don't know if you have any responsibility at all for VLTs. It's going to be in a Consumer and Commercial Relations issue, but certainly it's going to have an impact on what is happening.

In 1995, May 16, the then leader of the third party said, "A Harris government will not move on VLTs until all sectors have been consulted, all impacts are assessed and an agreement is reached on the distribution of revenues." This was a letter from Mike Harris to John Chalmers, the chairman of the Charitable Gaming Alliance, on May 16, 1995. On March 4, which was just last week, Mr Harris said in a letter to the Ontario Video Gambling Corp, "The province is considering allowing the terminals to be set up across the province."

My concern and my question is this: Except for the casino that's planned for the Lake Simcoe area which has a specific sort of target, and that is to help the native peoples, I would assume that over the next series of casino approvals, they will all be at border crossing points, because certainly the Windsor casino has shown—I don't know the exact figure but I'm sure the deputy knows the figure to the number—that somewhere around 80% of the people who frequent that casino are Americans or tourists from outside the country. I would assume that because of an announcement in Niagara Falls that you're looking at the same kind of proportions from Americans versus Canadians. I can understand that. That's a wonderful way to raise revenue with whatever

social impact. At least 80% of them are going somewhere else to have that social impact. But where I have a concern is when you talk about VLTs, they are going across the province, they will be in every bar wherever the decision is made—

**Hon Mr Saunderson:** I think I should interrupt you right at the moment just to say that to date the decision of the government is that there will be no VLTs. We keep all the doors open, as I've said many times, but to date there's no different decision on VLTs, so just to save you on that.

**Mr Kwinter:** But I'm just quoting to you a letter from the Premier that said it is "considering allowing the terminals to be set up across the province." I'm not saying it's going to happen, but it isn't as if the Premier said, "I want to advise you that under no circumstances will VLTs be allowed in Ontario". He has said, "We are considering it," and he also said earlier in 1995 that before he made the decision there would be broad consultation.

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What I'm trying to elicit from you in the way of a response is that if—and I know the decision hasn't been made—that decision were to be made, we have a situation where the people who would be playing these VLTs, video lottery terminals, would not be contributing or gambling or playing bingo for charitable organizations and would not be providing the same kind of spinoff that you get from your casinos, where you have employment, you have tourism, you have all of the benefits that at least in your mind justify why you're doing it.

I'm just trying to determine from you as to: (a) whether the Premier's commitment in May 1995 that there would be consultation and assessment and the whole thing as to distribution has taken place, and (b) what impact you, as the minister who has some responsibility for casinos, are going to have on that. Surely, you're going to have some input into that decision.

**Hon Mr Saunderson:** Well, we do have the responsibility of the Ontario Casino Corp, so it's a big responsibility. As far as the VLTs are concerned, obviously the government's going to weigh all the factors, but right now I just have to say again that there are no VLTs on the horizon as far as I'm concerned.

To answer your other question about casinos, you know that we have a referendum idea, that there should be no more casinos until there's a province-wide referendum and then there would be local referenda after that. So that's really all I can say about casinos. I think we've stated our policy, and that's the situation at the present time.

I don't think you should make assumptions that there would be any particular place. The one in Niagara Falls is an experiment, obviously a big tourist area, so it gives us a chance to study how a casino would be run etc in a high tourist traffic area. That's one of the reasons why for the Niagara casino.

**Mr Kwinter:** Do you expect the Niagara casino is going to have a higher tourist ratio than Windsor?

**Hon Mr Saunderson:** I can't say, but it seems to me that it is a very big tourist area, and I think it is an entirely different area than Windsor. I would not call

Windsor, much as I think the area is a very attractive one, a particularly big tourist area.

Also, Niagara Falls does represent the concept of a gateway development. As you know, there was a request for proposal from the previous government for proposals to build a gateway facility on the Canadian side of Niagara Falls. We discarded that request, and it's all being redone and rethought. But I think there are going to be great things happening in the Niagara region, which will be good for the whole community, which is already doing extremely well, obviously because of geography but also because of one of the great success stories in Ontario agriculture, and that's the wine industry.

For the benefit of those people who were wondering about what we found out in Europe, we're finding a great respect for our Canadian wine industry, particularly our ice wine, which certainly is winning medals, as is one of our Chardonnay wines. This is a great success story for that Niagara region, and I think this other development over there is going to help it.

I might say that I remember during the NAFTA debates there was a lot of concern about the grape industry in Niagara, but to give them their due, they certainly responded to free trade and have created one of our leading agricultural industries in Ontario and in Canada. So we should be proud of that region.

**Mr Kwinter:** Mr Minister, I want to go to a totally different area. You make a great thing about your international travel and your international activities. Could you give me a brief rundown as to the status of a couple of projects: (1) the Jiangsu-Ontario Science and Technology Centre, what is happening there, what the involvement is; (2) could you tell me what you as the minister and what the province are doing in the so-called Four Motors of Europe: Baden-Württemberg, Rhône-Alpes, Catalonia and Lombardy.

**Hon Mr Saunderson:** The Jiangsu project: I was supposed to be visiting that area. I'm very familiar with what it is and I think it makes excellent sense. I was unable to attend because of the requirements to be here for government in November, but I think Sandra McInnis is here. She's from our area, and I would like to call on her maybe to bring you up to date on that.

**The Chair:** Could you come forward and just state your name and your position.

**Ms Sandra McInnis:** Sandra McInnis from the Ontario International Trade Corp.

On the Jiangsu centre, we are continuing to work with them. We have a joint agreement for science and technology and we've had numerous joint marketing initiatives with them, both in terms of bringing over a lot of government officials in terms of training them on some of our educational systems and from a technology standpoint. It is really our entranceway into China and we look forward to working with them on a longer basis in terms of expanding our trade into China. They've been very cooperative. We have twinned. We have a twinning with Jiangsu and it is the 10-year anniversary of that. It is a very important partnership that we have with them.

**Hon Mr Saunderson:** Indeed, I think Mr Crispino from our ministry was there in my stead in November.

**Ms McInnis:** Yes, he was. In June, I also visited the Jiangsu centre. We have a regional director who is



responsible for ensuring that we maximize that opportunity of the Jiangsu centre, which I think in the past has not really been maximized, but definitely it is a key gateway to that China market.

**Hon Mr Saunderson:** As far as the Four Motors are concerned, Sandra could also speak to those. I might say that when I was in Europe, Mr Kwinter, that subject was raised. I think those four regions have calmed down a bit on the thrust that originally was thought about for those regions. Does Sandra want to speak?

**Ms Wolfson:** As a matter of fact, Minister, the office person responsible for the Four Motors is not here, but we'd be delighted to provide you with a status report on that after these hearings.

**Mr Kwinter:** What I'd also like, if you could, is not only a status report; I'd like to know of any tangible results that have come out of particularly the Jiangsu-Ontario Science and Technology Centre, tangible results for Ontario, and tangible results from Rhône-Alpes, Lombardy, Catalonia and Baden-Württemberg.

**Ms Wolfson:** I might, if you'll just give me a moment, ask our assistant deputy minister, Peter Sadlier-Brown, whether we have those responses to Mr Kwinter here or we can provide them at a later date.

*Interjection.*

**Ms Wolfson:** At a later date, Mr Kwinter, we'll provide those to you.

**The Chair:** You've got two minutes.

**Mr Kwinter:** Well, the last question—I don't think it will take two minutes. If you recall my first referral, in my first discussion after you had made your presentation, if the Ford Motor situation that I described presented itself to you today, would you tell them to take a hike or would you in fact sit down and say, "Sure, we will work something out because we think it's important to the development of the automotive sector"?

**Hon Mr Saunderson:** Certainly we would not say, "Take a hike." We would work with them to see what we could do to satisfy them. I feel very strongly, after having spoken in Davos to the chief of Ford, that we are doing the things they like in this province. I don't think financial assistance is as important as some might think it is, because of the 12 items I was referring to about what firms look to from government, nowhere in that article was financial assistance mentioned.

What we would like to do is say to them, "Can we help you on training? Is there something that needs to be cleared up as far as bureaucracy or red tape is concerned?" and that type of thing. I think if we provide the atmosphere, we would be a help to them, and I think it was confirmed when we spoke to Ford in Davos, as I mentioned. I guess that's all I want to say about that.

1650

**The Acting Chair (Mr Gary Carr):** There are still a few minutes.

**Mr Kwinter:** You touch on a very important point. The amount of money that went to Ford went for two purposes only, not to give Ford money. It wasn't as if they were out there trying to shop around and see where they could get the best deal. In order for them to compete with the facility in St Louis, Missouri, they had to be on a level playing field as far as infrastructure and as far as

training. The amount of money that was provided by the government was to do that. It wasn't to give it to Ford so they could then put it in the bank and say, "Well, we just got \$100 million out of Ontario." It was to allow them to be competitive with a sister jurisdiction.

You have said that if they came to you and said, "We want some help with training"—the point is there's a dollar figure attached to that help. You can't just say, "Here are some manuals; go out and give them to your people and see if they can figure them out." There is a dollar cost. All I'm trying to determine is, is it the present policy of this government to provide any kind of help in the way of funds for things like training, for infrastructure, that will in fact attract add-on investment or new investment?

**Hon Mr Saunderson:** First of all, if Ford came to us and said they needed funds, I'd have to say to them, "How can we give you funds, whether it's loans or whatever, when we are in the midst of trying to get our financial situation changed?" If you're cutting back people's welfare by 21.6%, I don't think it would be possible to even contemplate giving a company like that money. I think it's wrong.

I think times have changed from what you're saying about competitive jurisdictions. I think those competitive jurisdictions that you're referring to in the States are some day going to almost bankrupt themselves if they keep on offering, say, no real estate taxes for five years. If they do that enough, they will deprive themselves of so much revenue that this, I think, is gradually now becoming a thing of the past.

I know there are instances. Somebody I think got their Mercedes-Benz operation and they paid between \$100,000 and \$200,000 per job to get that business. We couldn't justify that here. We would work with them, though. We would talk about training, as I've mentioned to you. There's the fact that hydro rates can be negotiated now, which they couldn't be before; they were always going up. I think there's a lot that we're doing in Ontario now that makes it a very attractive place, and I don't think you need to give large amounts of money out. I think those days are slowly coming to an end with jurisdictions in the United States. My feeling is they just cannot keep them up.

**The Acting Chair:** I'm afraid we must move on.

**Mr Silipo:** Minister, you mentioned in your opening statement some of the changes you've made and are making in terms of how the ministry itself is structured. I would just appreciate receiving, as soon as you're able to provide it to us, an organizational chart. The last one I have is the one that was sent with the estimates book, and you clearly have made some changes from that. I had asked prior to today to get a copy of that and was told that this was still the current chart. Clearly from what you've said, that's either changed or in the process of changing. I'd just appreciate getting an up-to-date chart if I could.

**Hon Mr Saunderson:** We will have that for you very shortly.

**Mr Silipo:** Thank you. The other thing that I would appreciate getting as part of that is whatever statistics you're able to share with us in terms of what that means,

in terms of the number of people within the ministry at the various levels, the budget to run the ministry, both internal in terms on running the ministry itself and what that has meant or will mean in terms of some of the other items. I know I can deduce some of those from some of the cuts that you've made in areas where there were large chunks of money like JOCA, for example, and others. But I would appreciate getting an update of that in terms of where you see what the ministry's current budget is and how that's apportioned in the various areas. Presumably that's something that you could also through your officials provide to us.

**Hon Mr Saunderson:** This will be made available later, Mr Silipo. I wouldn't want to do that now. We are obviously in the decision-making process of, for lack of a better term, downsizing. We haven't got all our final decisions made. We will get that to you, though, in due course.

**Mr Silipo:** I appreciate that. I'm not trying to get information that isn't available publicly, but I would be interested in receiving whatever information is in the public realm and making sure that gets to me as one of the critics.

**Hon Mr Saunderson:** We'll do that.

**Mr Silipo:** The other thing that I'd be interested in getting is some information—and I want to preface this request with a very clear statement. As you talked here today about the kind of travel you've been doing as minister, I want to be clear to you in my position that I think that's a good thing. In terms of there being a presence by Ontario through political presence, as well as whatever can be done on the business side, in jurisdictions outside of North America, I think that is actually very good. It's certainly something I supported when we were the government and certainly something I continue to support within your government.

I wanted to make that statement so that my request doesn't seem like I'm simply fishing for information in the usual kind of way of sort of trying to get at the kind of moneys that ministers are spending. But I would be interested because it seems to me you're putting more emphasis, if I can deduce that—and if I'm wrong in that, please tell me—on that kind of approach.

I would be interested in getting some numbers in terms of, for example, amounts of money that have been spent, either through your office or through the ministry in terms of officials travelling abroad. For example, I can list the number of examples that would involve both you and the Premier—you mentioned Davos, Switzerland, as being one—the costs of the Premier and staff for the current Asian trade mission, as well as any of the other instances that would give me a flavour of the kind of time and the kind of public funds that you, as minister, are spending in this area.

I'm interested in terms of being able to see how that reflects the kind of, what I see, emphasis you're putting on that—an emphasis with which I don't necessarily disagree. So I just want to flag that for you and just ask if you could provide that information to me at your earliest convenience.

**Hon Mr Saunderson:** We will provide you with that information. I don't think we're putting more emphasis

than other previous ministers or governments have put on this. I think you should be gratified to learn about our business ambassadors program which you will have a chance to learn about in the fullness of time. But if we can get those individuals, who will be highly respected people in their communities, out talking about Ontario, I think this is a very good way to get quality salesmanship about Ontario, and I'm looking forward to being able to give you details on that.

**Mr Silipo:** I look forward to that information. Whether it's in the area of trade or in the area of tourism, which is partly one and the same, I strongly believe there is a lot more we could all be doing and I encourage you in those endeavours. In terms of the area of tourism, there's a whole market overseas that I think we could be doing a lot more to try to garner, so you'll get nothing but support from me. At the same time as you'll get criticism from me in terms of the that you're making to tourism, you'll still get support for any of those endeavours that increase the marketing of tourism and trade in general around the world, because we have nothing but pride for the things we have been doing—as I said earlier, things that have been in the works and have been developed by previous governments, as I hope you will acknowledge, as well as initiatives taken by your own government.

1700

**Hon Mr Saunderson:** I appreciate your encouragement on that. I would say just a word about the Davos meeting, the World Economic Forum, which has now been happening for some few years. I know Mr Kwinter's been there, I know Ms Lankin was there, as well and your Premier. It's a very excellent way to network, and you will find people at this event that you will not have a chance to probably meet with over any time period—I used the example of the Ford situation, but there were other ones as well—and also to know and learn what's going on in the world, to see how we rank, and is our thinking somewhat compatible with what the rest of the world is thinking. I thought it was, by the way, just for your information. It's such a small world, and from an economic point of view, it's a global village and everybody's out there being very competitive. I think if you learn nothing else from a meeting such as this, if you learn two or three major thrusts of what's going on in the world, then they're worthwhile, and I think it's a good chance to use or build up some influence as far as Ontario is concerned.

I was impressed, by the way, to see the number of Ontario business and other type of leaders. I could cite Maurice Strong as an example of people whom the rest of the world is listening to, and I think it's a source of pride for Ontarians, regardless of political stripe. I know that your Premier and the Premier before that were well received, just as Mr Harris was when we were there. I think people want to learn about what's going on over here, and these are useful things.

**Mr Silipo:** I appreciate that there are in fact some areas that we do agree on. There still remain some important areas where we do disagree, and I, unfortunately, need to come back to those, Minister.

**Hon Mr Saunderson:** I didn't expect it would be that easy.



**Mr Silipo:** I'm not so sure that it's easy or hard, but I think this is one of the better chances that we get to exchange our respective points of view on these important issues.

Coming back broadly to the issue of jobs, as I said before, I'm happy to see you've acknowledged that as being the number one priority—I think you put it as “the top priority,” and I couldn't agree more with you on that point—but I want to discuss a little bit further this question of the role of government. I appreciate that you and I fundamentally disagree on at least one important aspect of that around the role government should have in helping to bring jobs to Ontario and how we go about doing that, but it strikes me that your approach and that of your government is, I would argue, out of kilter with that of other governments, even governments of a conservative ideology.

I want to use one example as a way of getting your response. When I look at some of the cuts you've made, and I understand your point of saying you don't want to give one business a competitive advantage over another, but when for the sake of a \$3-million investment you have a company like Seragen Biopharmaceutical decide instead of opening its doors here in Ontario to go to Quebec and do that, a company that would have invested between \$28 million and \$33 million, created over 100 well-paying jobs, I just find that a little hard to understand, especially when there had been clearly a commitment made by in this case our government. Regardless of how that had been done, I just find it hard to understand why that approach. It doesn't make sense. When governments across the globe are doing exactly that type of thing daily and when indeed in this case we saw us lose what would have been a significant company in a significant area of growth, as far as an industry's concerned, deciding to go across the provincial border to another province because that government there believed and still believes that providing some direct investment in that company to help it get started was actually sensible, why does that make sense, Minister?

**Hon Mr Saunderson:** I know the company to which you refer. As you know, I saw them, and contrary to what some people say went on—we had witnesses there enough to confirm what I said—I said I was disappointed that they would feel as they do when we are trying to create a business atmosphere and, apart from just an atmosphere, certain pieces of legislation that were going to make it a lot more attractive for businesses to stay. I felt that they should have the confidence in what we said we would do and indeed, as I have said repeatedly today, we're doing it.

But they were not a huge, big company, as you know. Therefore, for us to take the employee health tax on the first \$400,000 of payroll was a big help to them and also the personal tax rates I think might have made a big difference, and if they have indeed, if you're saying they have gone to Quebec—

**Mr Silipo:** That's my understanding.

**Hon Mr Saunderson:** Yes. I'm just saying if they have, there is a very high personal rate down there. But to really get our house in order, we had to freeze all financial assistance, as I have said. Sometimes it's not

nice to have to say no, but in this case I think it was a principle. I think we were creating an environment for a company like that, and I said that to them. I was disappointed they were going to leave, because for all the reasons I've given today, whether it's freezing hydro rates or reducing workers' comp premiums, all of those things make it certainly the right thing to have said.

Also with going to Quebec, I think Quebec itself is going to find that it has to—and it has committed to getting its fiscal house in order. They will, I think we'll see, join us in the struggle to get their fiscal house in order and they may not be able to continue to do these things. I think maybe these things are going as a way of the past.

**Mr Silipo:** Maybe they are. I could cite a number of other examples, but I chose that as one of the most obvious ones. Just to pick another one out of the list, Chateau des Charmes, you talked earlier about the importance of the wine industry, and again I couldn't agree with you more. A \$400,000 grant for equipment purchase, the cutting of that grant: The reaction that I've been told from the company was a catastrophic impact, severe consequences. And I could go down the list.

The point I'm making, Minister, is that there are times when it does make sense for government strategically to make some investment decisions of this type because the payoff far surpasses the initial investment. I don't expect to convince you of that today, but I do think that just on the fiscal side, on the economic side there is merit to that approach. It's been shown and it continues to be shown today by governments of all political stripes, and I just find it incredible that as a government you would take the position that there should be completely no involvement by the government in that area.

**Hon Mr Saunderson:** I have taken a very extensive drive or trip, if you wish to call it that, to the Niagara Peninsula to look at the wine industry. I happen to like the product, but that's not why I went. But I have to say that I went around to those businesses, because that's what they are—and they're small businesses, they really are. A lot of what they produce is sold right there at the door, as you'll find in any wine-producing region, and much of what they produce does not make it to the shelves of a liquor store, if they can find one.

I think what we have to do with this is look for a better way to make business strong, and you make business strong by providing a proper atmosphere for it to operate in. I know Chateau des Charmes quite well. There's another winery down there that had also made application. But I don't believe they're going to leave because I believe they—

**Mr Silipo:** I'm not saying they're going to leave. I'm not suggesting they're going to leave.

1710

**Hon Mr Saunderson:** No. I think, though, that if we start doing that with companies that have the best of intentions and serious needs, we will be opening a Pandora's box, as we did before. You know, over the last few years the development corporations were booking business at the rate of about \$30 million a year, and they were writing off about \$22 million a year. Now, those are not good figures if you're at all interested in business.

Granted the \$22 million in write-offs is for businesses that were helped a few years ago. But no government can sustain that type of cash loss. I hope, if we do nothing else in five years of our government, and hopefully we'll be there for more than that, but in this first five years of our presence in Ontario government I hope we will have sent that message that government can't do it for the private sector. It's the private sector that has to do it for itself.

When I say they can't do it, I'm talking about money. Yes, we can help produce the proper climate for them to thrive, but we cannot get into being a banker. I'm pleased to say, on the subject of the banks and other financial institutions, that there's a recognition by those institutions of what we're trying to achieve in this province. I have spoken in private with the CEOs; I'm in the process of seeing them all and I've seen some already. They appreciate the climate we're producing for them to do better as far as they're concerned and they're willing to be much more thoughtful in trying to help the small and medium-sized businesses. But we have been the lender of last resort for such a long time, and as I said earlier, the lender of last resort usually gets the worst deals. That's a general statement; of course there are exceptions to every rule. But I can tell you that the climate that's being produced in this province and the reputation the government is getting are such that the small and medium-sized businesses are not looking to us now. I can tell you they are going to the normal sources of business capital.

**Mr Silipo:** I'm sorry; I'm going to interrupt because the Chair is indicating that time is running out. There is a little bit of a contradiction, you'll have to admit, in the approach that you're taking. You've continued to talk about the need for a positive business climate, but you yourself earlier, in talking about de Havilland, said it's a company that you foresee will be profitable. Well, that company wouldn't have existed—I hope you'll at least admit this—if the previous government hadn't stepped in and—not by itself but together with everyone else—addressed the issues and solved the problem of getting the company through a difficult period. From that, I would say to you there clearly has to be a time where, either in the area of helping to save jobs or in the area of helping to create jobs, the role of the government surely has to go beyond simply creating a positive climate through whatever tax changes you bring about and in fact be prepared to intervene in a more direct fashion.

**The Chair:** Very quickly, Mr Minister.

**Hon Mr Saunderson:** I understand what you're saying about de Havilland. I think that company was salvageable, if that's the right word, without the government having to put money into that.

**Mr Silipo:** Nobody else wanted to do it.

**Hon Mr Saunderson:** I look on—

**The Chair:** Thank you very much. Mr Rollins.

**Mr Rollins:** Thanks, Mr Minister, for coming before us today. Following along your line of thinking, in our little area down in Quinte we have Domtar spending \$700 million on an expansion down there. They announced it early this year, with the kind of numbers they are going to produce, and we as a government haven't had to step in and bankroll them or make anything any better for

them, other than that they know that there's a climate that's ready to do business in.

We've got a boat-building company. When you think of a boat-building company, why should that end up at Point Anne, where it was a cement company, but we've got the privilege of building Maid of the Mist number seven. It's a million-dollar contract. It's not hundreds and hundreds of jobs, but it is four or five jobs for a year and a half or two for them to make that kind of a boat. We've got two large retail stores come down there and the government hasn't been involved.

I encourage you, Mr Minister, to look into one of the headlines and the stories of the Martin budget in the last day or two, that there's going to be a surplus at the end of this year of some \$5 billion in UI benefits—a surplus—and it'll generate another \$5 billion next year. I think we as a government should encourage our federal government to decrease those costs, to put UI premiums down lower so it does give us a better advantage in Ontario to keep on doing our thing of lowering the cost of providing that kind of labour.

I don't know whether you've seen that issue in the paper or not, but it's something that the University of Toronto suggested could create 200,000 new jobs if they would reduce that unemployment insurance to \$2.10 per \$100 from the regular \$2.95. Those are the kinds of things where we as a government need to continue to keep the cost of doing business down. That's the kind of atmosphere that I'm awfully glad to be part of this government in trying to do that.

**Hon Mr Saunderson:** That's the message we're hearing, just as you're hearing from your companies in your riding, that it's the business climate. It just gets abroad. It blows up in the air and it goes around. People sniff and they say, "This where we want to be."

I want to follow up on your question and talk about an article in, believe it or not, the Toronto Star, which said, "Be Tough, Martin Told." It does go on to talk about the success of provinces which have achieved a balanced budget or are on the way to getting one, what's happening there. I was amused by the talk of Premier Savage of Nova Scotia when he pointed to the steps of the Nova Scotia Legislature and said, "It was on those steps that I was pelted with eggs and shouted down by rowdy crowds of civil servants just two years ago." It went on to say all the things that he had been doing, very much like what we're doing here in Ontario. But he now says that he looks forward to meeting with the credit raters and potential investors because Nova Scotia will have a balanced budget in 1996-97. It's being repeated province by province across this country, and if we did not get on board and be part of that, we would be left out in the cold. So that's why companies like Domtar and the boat builder are doing what they're doing in your riding.

I was up in Owen Sound just a few weeks ago, speaking at a service club and on the radio station. After that, I had a chance to go out and tour two plants, and it's just like what you're telling me. I went to the Pittsburgh Plate Glass, PPG as it's known. They have decided to stay in Ontario. They were thinking of going, but they've made a decision to stay now and start producing auto glass. They were on the verge of closing there and leaving. They're staying.



I went to a boat builder, and he's never had such success. He bought out a bankrupt company and has turned it around. He likes the climate that's here in Ontario. He figures there'll be more people to buy boats, so he stayed and kept that business going. I think it's being repeated around the province.

1720

**Mr Preston:** That Star, is that a local paper?

**Hon Mr Saunderson:** That's right, it is a local paper here.

**Mr Preston:** Oh, I never read it.

**Mr Spina:** It's a local paper for some people, thank goodness, and not beyond Toronto.

Minister, I wanted to ask you a question that really zeroes in very much on your background and your knowledge of the financial industry. When Mr Barnes's report was turned in, there was a section there on access to capital, and I'll quote Peter's lines here: "Government cannot provide access"—this is the private sector's role—"but it can deal with situations in which policies and programs distort the functioning of capital markets and create uneven playing fields."

With the federal government being pushed by the major banks to expand their powers—they've already been given permission to get into insurance; they've been pushing hard to get into car leasing—I guess my question has to do, again, with the access to capital, particularly for small business, which should be the heart of this province but has had its squeezes in the last few years. Are there some initiatives that we can develop that would allow other banks, other financial institutions, other investment bodies or funds to expand their lending powers so that we can get this kind of access for small businesses?

**Hon Mr Saunderson:** We need to encourage a number of things to happen. I've reported, Mr Spina, today about meeting with the chartered bank CEOs. I'm in the process of doing that, and also, I might say, with the Canadian Bankers Association, that group. They are very much aware of what we are doing in the way we're cutting back, the way we are basically eliminating grants etc to business. The problem is access to capital. What can we do?

Yes, you can go and you can jawbone with the banks, and I think we're coming along in that area. Each of the major chartered banks—I should just say each of the chartered banks; we've got basically the big seven in Canada—is certainly diverting some money into small and medium-sized business pools. There's no doubt about that. I think the Bank of Montreal was written up in the Financial Post this week and the Royal Bank last week. It is happening.

There are these labour-sponsored RRSP venture funds, and as a matter of fact in the budget that Mr Martin has just brought out, there has been some reduction as to how much people can invest and what those funds must do. Those funds, I think, have been sitting with investor capital but they have not been doing what they said they were going to do, and that is to provide some venture funds. They're more concerned with rates of return. In the RRSP season, we all know how many times we hear

ads about, "This fund had this rate of return" etc. These funds that I'm talking about have taken the money that's been invested by investors and made some very safe investments, like treasury bills. They're not fulfilling their responsibility by doing that.

I think one of the advantages particularly of Japanese investors historically is that they've always been willing to take a long look at something and put their money out and not be in any hurry for an immediate payoff. I think if we can encourage these labour-sponsored funds to take a longer look at things, then we will get a source of capital from them as well, and much more so than has happened to date. Our trust companies, I think, if they were able to be in business loans, they'd be there in a big way, if they could. And of course in our own ministry, for small and medium-sized business, we have the OIPS program, which you're aware of, and we would like to help those small businesses in our program to deal with the banks and other financial institutions.

I think one of the big problems for a small or medium-sized business getting off the ground is that they sometimes do not prepare a proper financial statement, and that's the first thing the bank will say, "Well, what is your business plan?" If you can't write a business plan, then you're in trouble. So we can help in our ministry with writing up a proper business plan, giving guidance, helping a proper financial plan to be constructed, and then once successful helping those companies with an export plan—because we have lots of experience, as we talked about exports earlier today, in this province and in this country—and on a marketing plan as well.

I know you've been out, as a very able parliamentary assistant, looking after the needs of small business and responding to their concerns. You are probably telling them we are there to help them do all of this. We have the skills in the ministry, and instead of granting loans or whatever, we would much rather be purveyors of good advice and work along with them through the system.

I hope that explains what we're trying to do and how we're working with the institutions.

**The Chair:** We'll move on, if you want.

**Mr Preston:** How much time have we got?

**The Chair:** You have about five or six minutes. Again, you could give me the time and I would cast it back for closing off later on at 6 o'clock.

**Mr Preston:** I asked you that before. You got it.

**The Chair:** Thanks. But let me just make it plain what happened here. The six minutes he has given me, we shall end just before 6 o'clock, so you also have your 20 minutes. In other words, you may begin now for your 20 minutes.

**Mr Silipo:** Not 20 minutes, though.

**The Chair:** No, no, 20 minutes and—

**Interjection:** Two 10s.

**The Chair:** Yes.

**Mr Preston:** That's the rotation. We're finished.

**Mr Kwinter:** Oh, I see.

I'd like to make a comment and then I'd like to ask the minister a question. The comment that I'd like to make is, I've heard several people at this committee extol the virtues of the Niagara Peninsula and the wine industry there. I should tell you that in 1985, 1987—and I'm not

trying to brag because I happened to be the minister, but I happened to be the minister at the time.

**Hon Mr Saunderson:** There's no avoiding it.

**Mr Kwinter:** There is no avoiding it.

**Mr Preston:** Stand and take the blame.

**Mr Kwinter:** No, I'm serious. If we had not provided the funding to convert the labrusca grapes to the vinifera and varietal grapes and to provide the kind of program that we did, that industry would be gone. Now, that isn't just my opinion. If you talk to any independent observer, if you talk to the people in the industry, had the government not come in and been able to fund that conversion program—I'm sure you know that the reputation of Ontario wines prior to the changeover was that we were producing plonk, and people were not buying it and they would be almost insulted to serve Ontario wines to their guests when they could go to the liquor store and buy some cheap Italian wine or cheap French wine.

**Mr Spina:** I'm glad you didn't say cheap Italian wine.

**Mr Kwinter:** No, no. I'm not in any way denigrating the Italian wine.

**Mr Preston:** "Inexpensive."

**Mr Kwinter:** Inexpensive, right. They'd rather pay \$2 or \$3 more and have the prestige of saying, "This is an Italian wine," or "This is a Spanish" or French wine. We now have the situation where, to use a hackneyed phrase, there are world-class wines coming out of the Niagara Peninsula. They're going to international competitions, they're winning best of show awards, and we have converted an industry that had the reputation for poor quality, poor taste, to one that has a very good reputation.

**Mr Preston:** The minister and I both thank you for that.

1730

**Mr Kwinter:** I say to you, that would not have happened without government intervention. It just wouldn't have happened. The money was not there in the private sector, it wasn't available, and that whole program, with the vintages program and everything else and the quality control and all of that, was all financed under an assistance program that had to be negotiated with a great deal of difficulty. Many of the public servants who are in this room participated in that particular exercise, and I can say that that is one of the real success stories.

Okay, now I'd like to ask the minister—

**Hon Mr Saunderson:** If I could just comment on that, though, I realize that it is a success story, and if you had some part in it, then I congratulate you on that, but I think, to be factual here, there was also money made available because of the free trade agreement to help these certain industries that were in a transition. I thought that was also a combination of various government levels, but that's just for comment.

**Mr Kwinter:** But that begs the question, and I ask you now, if there was another trade agreement and there had to be an adjustment, would the government be there to help?

**Hon Mr Saunderson:** I think we'd have to think about any new situation like that. A free trade agreement is a very encompassing type of agreement which involves various levels of government and many governments around the—well, obviously, in North America, that one

did. So we would consider that. We would certainly have to think about that.

**Mr Kwinter:** Mr Minister, I'd like to go to another topic that's dear to my heart. I'm sure you know that at one time, given the fact that Ontario is one of the most trade-reliant jurisdictions in the world, where fully one third of our gross domestic product is as a result of trade, at its height, we had an office in New York, Boston, Chicago, Dallas, Los Angeles and Atlanta. We had one in London, England; two in Germany, one in Stuttgart, one in Frankfurt; we had one in Milan; we had one in New Delhi; we had—

**Hon Mr Saunderson:** Seventeen.

**Mr Kwinter:** I guess you could call it an office that was a trade office, although it was kind of marginal, in Nanjing. We had an office in Tokyo; Seoul, Korea; Singapore; Hong Kong. They were all closed. I have no quarrel with the closing of some of them. I think some of them were marginal operations and I think the cost-effectiveness of them was really suspect. But I want to ask you a question in the context of the business approach that this government is taking.

If you were a business, a Canadian business, and you found that fully 80% of the one third of your trade business was in a jurisdiction—let's say you were selling whatever, you were selling widgets, and of all of your export trade, which was substantial, huge, 80% of it was in a market, do you think you could effectively canvass that market by closing down all of your branch offices in that market? Can you think of any company that would be in business that would say, "Here is our largest market, but we don't want any representation in it"? I'm just talking about the US market because it's such a dominant sector of our trade. Could you respond to that? Then I'd like to carry on past it.

**Hon Mr Saunderson:** Well, there were 17 of those offices—I think that's the number—and they were in those places. You've got a good memory for those spots.

**Mr Kwinter:** That's because I've been there.

**Hon Mr Saunderson:** I know. I said you travelled a lot.

I have to tell you that I think it was right that the offices were closed. I've done a little research into this whole business of governments and subgovernments having offices, but particularly subgovernments, because governments, as we know, have embassies. Subgovernments are moving out of this area. There are some of the United States' states doing it still. I think Alberta and Quebec still do it as far as Canadian subgovernments are concerned. But generally speaking, it's an era which is sort of coming to an end, and I think it's coming to an end because of the new communications systems.

We are going to be announcing, when the world comes back to normal around here, a World Wide Web site which is very interactive. Because of the explosion of Internet systems and facilities on which to receive it and dial into it, we are going to be telling a lot about Ontario on that Internet, whether it's tourism or industry or whatever. Therefore, I think with the high technology that we've got—and it changes every day, almost, the high technology—we've got another way to sell ourselves, apart from having people representing us there in those countries.



We have worked very well with the federal government. I refer to it working with former Senator Royce Frith, who represents us in London. It's the same no matter where you go with consuls general in the United States or around the world. I was so well received, as I know you have been when you've travelled, by our federal people. I think really we can work very closely with them, and as a matter of fact, they want us to use them, because they actually have Ontario desks or other provincial desks working with them. So I think we are on the right track and we will use them more and we will work with them, and I think that will keep them happy.

The other thing I wanted to mention, Mr Kwinter, was the business ambassadors again. I want to mention it as often as I can, because I'm very enthusiastic about it. I think with them and with the federal government and with the communications systems available to us, we will be able to overcome the fact that those offices were closed by the previous government. It is a global village we live in, and I guess not a week goes by when I'm not having some visiting dignitary from another country come to our ministry. That works two ways. They come and tell us that they're here and they tell us a little bit about themselves. We also are able to talk about ourselves, and it's amazing, sometimes, the common interests that come out of discussions like that.

So I don't think we would be opening those offices again.

**Mr Kwinter:** I was not suggesting that they should be opened again in their entirety. What my concern is is when you talk about your business ambassadors, when you talk about these people who come in to see you in your office—I've lived through that—they come in, there's an exchange of pleasantries, you shake hands, you exchange gifts and goodbye, let's get the next guy in.

**Hon Mr Saunderson:** That was your style.

**Mr Kwinter:** No, that's their style. They have a list. They're making a courtesy call, and there's no secret that's what they call it; it's a courtesy call. They're coming in to just, "Courtesy, we're here."

What I am concerned about is the fact that this program—and I attended the previous government's unveiling of what I considered to be just a new logo. It didn't do much else. My concern is that it is reactive as opposed to proactive. It's like looking in the newspaper for a job. The best jobs are never advertised. The best jobs, the best opportunities, the best trade opportunities, are not out there waiting for you to go and get them.

You send your business ambassador, who's on his own private business, and you say, "When you're there, would you please go and see this particular person?" It's going to give you bragging rights. You're going to be able to stand there and say: "Look at all these things we've done. We've sent this fellow here and that fellow there." He's got his own business to worry about and he said, "Sure, I'll go in and I'll see what I can do."

But I can tell you from experience that when you have people on the ground and you have people networking, where they're meeting people, they're going out and they hear about things that you normally don't hear about. They hear about someone saying, "I know that such and such is happening," and you can go out and actually try

to make it happen. If all you're doing is responding or hoping you're going to catch somebody surfing on the Internet who is going to suddenly say: "Gee, that sounds interesting. I'm going to get in touch with Ontario"—and I'm not advocating it around the world. I don't think that is necessary, because I don't think a lot of those jurisdictions will respond.

**1740**

But given the key US market, if you get a 2% or a 1% increase in the US market, it is a huge number. If you get 100% increase in the Singapore market, it's a zero number practically because there isn't that much activity going on. All I'm saying is that it would seem to me that for our largest market—we used to have a standard saying, "If you want to get your BA in trade, you go to the United States. If you want to get your MA in trade, you go to Europe. If you want your PhD, you go to the Far East." The reason for that is because it is very difficult to access those markets.

The US market is easy for Ontario businessmen. The language is the same, the culture is the same, you can hop on a plane and be there in no time at all. It is very, very easy to do. I just feel that we are missing a wonderful opportunity to expand our trade connections. Personally, it's great that we're doing it, but when you take a look at the trade figures, the auto sector dominates dramatically and a lot of the other sectors are available to us, and I don't really feel we are putting enough effort to access those other markets.

**Hon Mr Saunderson:** I couldn't agree with you more that the US market is very important. We talked about the 120-million-people market one day away from us here. Sure, we're always trying to be creative in thinking about new ways.

I want to mention just one thing that makes Ontario very special, being close to the United States, particularly for companies outside North America who are looking at where to settle. We are a metric country; the United States is not. When people want to set up as an entry into the North American free trade area, they're looking more and more at Canadian provinces, and because of our excellent location, they're looking at Ontario. They are coming to realize we are a metric province, a metric area. They do not have to recalibrate machines when they come to Ontario. They can directly import their own machinery, and that makes us have a big advantage. I wanted to make mention of that today because it's something we can really sell, and it helps us attract business here which will then deal into the United States with finished products.

We have been assigned the responsibility in this ministry to be the chief marketing facility for this government, and of course our chief marketer is our Premier. He's very good at it. Next in line are any of our elected MPPs, and obviously I'm involved. But everyone, I think, has to be a marketer for Ontario regardless of political party or stripe. If we all go out and market our province as a good place in which to do business, in which to invest and in which to travel, we all win. But we are going to come up with—and we are working on it now—a proper marketing plan. We will do it and I'm sure we will be successful, but we will never suffer from being told we're not proactive.

**The Chair:** Mr Minister, Mr Silipo would like a quick one so we could wrap up.

**Mr Silipo:** A quick one? Well, Mr Chair, I'd like the time. You let Mr Kwinter go on for 15 minutes.

**Hon Mr Saunderson:** We've got 5:54.

**The Chair:** Do you have a quick question?

**Mr Silipo:** I have a couple of questions.

**The Chair:** A quick one?

**Mr Silipo:** What do you mean, a quick one?

**Mr Rollins:** It's over.

**The Chair:** Just about. Mr Kwinter is going to give you his couple of minutes.

**Mr Silipo:** Well, I'm sorry. That's why I made the point earlier. I thought whatever time was left would be split three ways. That's normally the way it's done in committee. Why does the opposition party get more time?

**The Chair:** No, they get 20 minutes. It's a rotation.

**Mr Silipo:** Yes, but he started the rotation.

**The Chair:** It doesn't matter. It's 20 minutes rotation.

**Mr Silipo:** No, no, no. That was when there was enough time, Mr Chair, to get 20 minutes apiece. When we came back to the last rotation and there was only about half an hour left in total, my understanding was—that's why I kept looking at you when it got to 10 minutes, because I thought you were going to stop Mr Kwinter at that point and give me a chance to get a few more questions in.

**The Chair:** I think you have it wrong.

**Mr Silipo:** With all due respect—

**The Chair:** The fact is that they had 20 minutes and they gave up 10 of their minutes because of the—

**Mr Silipo:** Right, and I thought what you were looking at was to basically finish 10 minutes earlier.

**The Chair:** No. I said Mr Kwinter would do his 20 minutes and then at that time we'd wrap up.

**Mr Silipo:** I'm sorry, but that's not a very impartial way to chair a meeting, with all due respect, sir. The point is you're supposed to give equal time to the opposition parties, and the government side if they want to use their time. If they don't want to use their time, that's fine; you can take that time off the total. I'm not arguing that we should get their time. But I'm sorry, I have some questions and I'd like you to let me put them.

**The Chair:** I'll give you five minutes because all they gave up was 10.

**Mr Silipo:** You gave the time to Mr Kwinter. I don't want to argue with you for 10 minutes. I'll try and do it in five minutes to accommodate people, given that it's late on a Friday afternoon, but I think you should review the way you do this in future, sir, because I think this is wrong.

**The Chair:** You've got five minutes, Mr Silipo.

**Mr Silipo:** Minister, let me come back to the question of jobs. Your government has committed itself to create 725,000 jobs. How close to that objective do you think you're going to get through the mandate of your government?

**Hon Mr Saunderson:** First of all, I'd like to say that when you create a climate—and we've talked a lot about that today—you create a snowball effect, and that's what's going to happen. In Ontario, in February, employment rose by 31,000 jobs, and there were 3,000 jobs in

January, and a 6,000-job gain in December. Adding it all up comes to 40,000 jobs in that period. Year-over-year change, this time of the year compared to last year at this time, since then the private sector has created 85,000 jobs in Ontario, manufacturing created 18,000 jobs, the public sector declined by 43,000, so there's a net gain of 42,000. Obviously, we are moving ahead.

**Mr Silipo:** Will you get to the 725,000 jobs, Minister?

**Mr Rollins:** Within the five years.

**Mr Silipo:** I'm talking about the five years.

**Hon Mr Saunderson:** I think we should be able to achieve that. Getting back to the climate theory and private sector confidence and all of that, we're obviously going to work very hard to keep getting our message out. The economic forecasts are such that I think we will be a beneficiary. Ontario has the potential highest growth of all the provinces in Canada, and that's not coming just from me but coming from economic forecasters. I think interest rates are going the right way to encourage business. Those general things, on top of what we're trying to accomplish in this province, are going to give us a good shot at getting those 725,000 jobs. But I don't think you can judge the battle over one year or two years. I think it's going to be a progressive type of thing, as I say, sort of a snowball gathering speed.

**Mr Silipo:** I continue to ask the question in the context of the five years because, in fairness to your promise, it was over the mandate of your government. I'm not looking to make any judgements on the basis of whether you achieve a certain amount by the first year, but when I look at what is happening—you've read the clippings as well as I have and seen the situation. You get the numbers probably before the rest of us in terms of what's happening with layoffs, and not just in the public sector—there have been many in the public sector, whether it's in school boards or in other public sector areas—but in the private sector as well. We're seeing instances like 700 jobs at the American Axle plant in St Catharines, various other layoffs also in the private sector, not to mention the 20,000 or so layoffs directly from the Ontario public service that your government will likely bring about, but even beyond that when you get into the private sector.

I listened very carefully during the pre-budget hearings to economist after economist talk to us about the impact of what you and your government colleagues have described as the largest of the job creators within the myriad things you're doing, and that is the 30% tax cut. I didn't hear any economist, including the one who came to the committee at the behest of your colleagues, nor indeed, for that matter, the economists from within the Ministry of Finance, say to us with any certainty that we were going to get anywhere close to the 725,000 jobs. In fact, if anything, there was a fair amount of scepticism around that and around the ability of the tax cut to generate that kind of result, particularly because in order to pay for that tax cut, as Mr Kwinter was pointing out earlier, you have to borrow that money. Borrowing that money means you've got to cut from the public expenditures of the province the equivalent of some \$28 billion over the next five years, and in doing that you are in effect then causing the economy to lose a number of jobs,



which, when you roll into it the positive effects that will be there to some small extent in terms of job creation—and the economists did bear this out—from the 30% tax cut, it just doesn't pan out. It just gets us nowhere near the 725,000 jobs.

**The Chair:** Do you want the minister to respond, Mr Silipo?

**Mr Silipo:** Yes, I do.

**The Chair:** He's running out of time.

**Hon Mr Saunderson:** I'll speed up and try to stay within the time limits. I have to say to Mr Silipo that his party and my party have a different philosophical approach. We're basically saying that the government should be out of things that the private sector can do best. I can name a number of those areas, but I don't think we need to. I think we're sending out a message that we are different, and that we were elected on that new message, and that we were different. We can all talk about economists. The economists always say "On the one hand," and then, "On the other." If you listen long enough to economists you'll get 50% of an answer one way and 50% another.

All I can say in conclusion of this process today—which, by the way, I've enjoyed. It's the first time I've had a chance to be part of this very democratic process. I appreciate all the people who are colleagues of mine in

the Legislature being here today, because I think this has been a reasonable dialogue. I know we all have our own axes to grind, but we happen to be the government now. I want to say to you, in conclusion, that we have obviously staked our reputation on producing a climate that is going to be conducive for people to come to Ontario, to stay in Ontario, to do business and to come as tourism. I'm confident that when the mandate is finished we will have accomplished so much of what we said we would do that the future of Ontario will be assured as we move into the millennium. I guess I'd like to conclude on that basis.

**Mr Silipo:** We will see.

**The Chair:** Thank you, Minister. This concludes the time of discussion and comments and debate on the estimates of the Ministry of Economic Development, Trade and Tourism. We shall vote on the respective votes now.

Shall votes 1001 to 1003, inclusive, be carried? Carried.

Shall I report to the House the estimates of the Ministry of Economic Development and Trade? I shall do so.

Thank you, Minister. Thank you to your deputy. I thank the staff and my colleagues, who hang in there all the time. That concludes the estimates time we have for this session.

*The committee adjourned at 1755.*





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## Assemblée législative de l'Ontario

Première session, 36<sup>e</sup> législature

# Official Report of Debates (Hansard)

Tuesday 16 April 1996

# Journal des débats (Hansard)

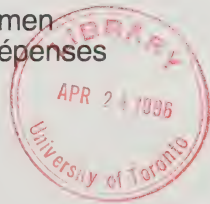
Mardi 16 avril 1996

## Standing committee on estimates

Estimates review process

## Comité permanent des budgets des dépenses

Processus d'examen  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATESCOMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Tuesday 16 April 1996

Mardi 16 avril 1996

*The committee met at 1534 in committee room 2.*

## ESTIMATES REVIEW PROCESS

**The Acting Chair (Mr John Cleary):** Ladies and gentlemen, we'll call this to order. I guess our Chairman is still on television. This meeting was called today to discuss the estimates process, selected by the Provincial Auditor. We have the Provincial Auditor with us today to discuss and give us some guidance on what we should be looking for. We'll turn this over to him now.

**Mr Erik Peters:** Thank you, Chair. Let me begin by introducing the two people who are with me, because they had such an instrumental impact; they were the authors of the chapter of my report that we're about to discuss: Jim McCarter, executive director in my office, and Bill Pelow, who is the manager on this assignment.

I'd like to thank you very much for the opportunity to discuss with you chapter 2.02 of my 1995 annual report, dealing with the legislative estimates review process.

The primary focus of our review was to determine whether 1989 revisions to the estimates review process have resulted in the anticipated improvement in the Legislature's ability to scrutinize and evaluate the ministries' proposed spending plans.

Our review included interviews with nine members of provincial Parliament, three from each political party, who have served on the standing committee on estimates over the past few years. We also conducted research into how the legislative estimates review process works and what initiatives were taking place in some of the large Canadian jurisdictions, as well as in Australia, New Zealand and the United Kingdom.

In 1987, we asked a number of MPPs for their opinion on the effectiveness of the estimates review process. Based on their feedback, we reported in our 1987 annual report that the estimates review process was "maligned and ineffective." We were not alone in our criticism of the process, as the standing committee on public accounts and the procedural affairs committee had previously expressed similar concerns. We pointed out the urgent need for reform of the estimates review process.

In 1988, the public accounts committee reviewed this section of our report and issued a special report on the estimates process. In 1989, the standing orders relating to the estimates review process were amended by the Legislature to establish the standing committee on estimates. The chart handed out to you provides a synopsis of the more significant recommendations made in our 1987 annual report and in the standing committee on public accounts 1988 special report, which is the second column.

The chart also illustrates which recommendations were implemented when the standing orders were changed. As you can see if you go down the right-hand side, the first recommendation was partially implemented, the second one was implemented, the third one was not specifically addressed and the other ones seem to be in the planning stage or not addressed.

This chart is taken from chapter 2.02 of my 1995 annual report, which I have provided to you in its entirety and which I would like to briefly walk through with you now. If you wouldn't mind taking the other handout, the beginning looks like this. I'll just flip quickly through the pages. It is essentially the entire chapter, but rather than going through it in detail, I thought I'd just highlight some of the things we had noted in our work.

The first point I would like to highlight is on page 23, towards the bottom. I'll just go through them and I'll tell you where it is as we go along. We point out:

"As one MPP stated in responding to our question, 'How effective is the estimates review process in holding the government accountable for its spending decisions?'"—he answered: "'We do not serve the public very well in assessing whether the ministry is planning to spend or has spent the money wisely by the end of the day. This disturbs me. In theory, we are supposed to be looking after the finances of the province. However, by the end of the day we are no more enlightened.'" Quite an indictment.

On page 25 you'll find this chart that I mentioned to you before, which we just enlarged on a single page.

On page 26 we show a little bit of a table. The first table is the interviewed MPPs' assessment of effectiveness of the estimates review process. You can see that we are peaking somewhat below the 3 mark, which would have been the threshold of satisfactory. Six out of nine members of Parliament rated it either not effective at all or a little bit better than not effective, but certainly not on the very effective side.

The second chart is the interviewed members' perceptions of the committee's influence. It's a little bit better. We asked essentially four critical questions. They felt they were almost there in terms of influencing government actions; holding ministers/ministries to account was a little bit better; even better on enhancing informed decision-making and putting information in the public domain, but in all cases were again below the 3 mark in total.

On page 27 there are two important points that I thought I'd raise with you because ultimately I will make two brief recommendations to you. The first one will deal with timing, and that is of major concern. In the middle of the page we refer to:



"The following comments indicate the nature of the concerns expressed by the MPPs on this particular issue"—being the timing issue.

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One said, "Because of timing, estimates review is a useless exercise for influencing government expenditure decisions."

Another said, "The fact that the estimates are considered two thirds of the way through the year makes the process much less meaningful."

The third view was, "They shouldn't even be called 'the estimates' as they deal with last year's budget."

At the bottom of the page you'll see a little table in which we compared the federal government and some of the provinces in terms of when they approved the estimates in the Legislature. That's normally done by way of the Supply Act. You'll notice that Ontario, which is highlighted, is by far the latest. In other words, by December 8, 1994, the year was almost nine months gone by the time Ontario got around to approving the supply. I guess the recordkeeper is Alberta, which did it by about April 18 in that year.

Another question we talked about was the time spent by the committee on estimates. In the top paragraph on page 28 there is some discussion: "...the standing orders established a maximum of 90 hours for review of ministry estimates by" your committee. "However, we noted the actual hours" were 41 in 1994 and 42 in 1993.

Below in the bullets, if you want to refer to them, but for the sake of brevity I will not go into details, are the three primary reasons which were given by the members as to why they did not spend the full 90 hours on estimates. All of them reflect to a certain amount the frustration of the members with the process.

I'd like to move on, if I may, to page 29, where we deal with the satisfaction of members with the estimates information. We have a little chart, and this one looks a little bit better. Generally, for the work they were doing the members felt that they were receiving the information they required, either through the estimates documents that were provided or in answer to the questions they were raising. The highest is the satisfaction with the minister's and the ministries' oral responses, at 3.6. It's probably one of the highest scores we found in all our statistics when we interviewed. Most members were generally satisfied with the estimates briefing books and responses to their questions. I deal with the information a little bit later because that is the information you'll get, but as the members have expressed previously, they are really dealing with outdated information at that time. The year is almost totally gone by the time they do it.

We did look particularly at, do other jurisdictions look especially for performance-related information? On page 30 you'll see a little table which talks about performance-related information required in other jurisdictions. You will note that although they are definitely very recent developments, there is a definite move in that direction under way. The federal government put out a guide in 1994. Jim, if I may turn to you for a moment, I think you said you had some word this morning.

**Mr Jim McCarter:** Yes. In the fall of 1995 they also put out an annual report dealing with performance indicators, so they're doing more in that area as well.

**Mr Peters:** Thanks, Jim. Alberta, which is the next one we are dealing with: "In February 1995, the government stated that 'In June 1995, government will release the first comprehensive report card on the performance of government,'" and it did indeed do so. Not only did they produce this document, they also asked the Auditor General of Alberta, as a point of interest, to give an opinion on it, although it's a rather limited opinion by its very nature and merely says that the statistical and other sources that were used to prepare the information were found to be reliable or were found to be—the report reflected what those organizations had said, like Stats Canada etc—rather interesting for us because in many of the statistics Ontario is featured and we came out rather well.

In fact in some areas Ontario is featured as one of the target provinces where they'd like to get to. For example, and I'm quoting off the top of my head, I believe the number of public servants per 100,000 population in Ontario is by far the lowest in the country; other provinces are significantly higher. That's just one small example, but there are other statistics in there on literacy etc.

New Zealand, the United Kingdom, all of them are looking for performance information and are taking various initiatives in that direction.

As far as the information is concerned, I'd like to move on to page 31 and highlight for you the paragraph just above the heading "More Future-Oriented Information." We discussed with the members the role played by the legislative research service in assisting the public accounts committee with several MPPs who are particularly interested in this issue; in other words, what support they were getting and what support you were getting.

One of the interesting facts that came out of this discussion is that the public accounts committee—and some of you are members on it; I see Mr Hastings, for example—very often before they go into an open meeting have an in camera meeting in which I brief them, essentially, on the chapter they are about to discuss, and they raise various questions in camera with me to develop their own questions and what they would like to ask the witnesses who will appear before that committee.

The members of the public accounts committee individually have indicated to me that they have found this to be a very useful process. One of the thoughts we had is that your committee might want to give consideration to a similar process, I'm not saying with me, but with your researcher; in other words, if you have a particular minister or ministry appearing before you, you have an in camera briefing by the research officer to walk you through the material and deal with it. That's just one point for consideration in dealing with it.

As far as information is concerned, we are particularly concerned that, as an estimates committee, you should really be dealing with—I shouldn't say that as a "should" from my office, but the members were concerned that they should really be dealing with future-oriented information, not looking back at what's happening now, but being able to evaluate information as to what the plans are and what is out.

To support this argument, we found that in other jurisdictions, Canada, Alberta, Australia, New Zealand and the United Kingdom, all of them have moved into

information that is future oriented, that addresses a few more years out, one year or three years out from the time where you are, from the information that you're getting, in comparison. You're largely getting the current year's estimates, and they are now viewing a long-term strategy or three-year out.

Of interest is a quote at the bottom which comes from the federal level, where their estimates committee said:

"The committee is convinced that a goodly number of members would take an interest in the estimates and devote time to their examination if they felt their views would carry some weight. Approval of expenditure is, after all, a fundamental duty of elected representatives. The committee believes, however, that the situation will not change much, except possibly in a minority Parliament, unless governments decide that they are ready to accept advice from members on their estimates."

They proceed on the next page to say, "An approach which the committee favours would have ministers and senior officials discuss in committee in the early autumn proposed expenditures for the following year so as to make it possible for committees to offer views as to spending priorities that the government could take into account in preparing its final estimates."

**1550**

As far as the provincial members of Parliament were concerned, in the middle of that page we refer to the specific question that we asked the members. We asked them for their reaction to the more future-oriented approach recommended by the federal liaison committee:

"While all nine MPPs agreed there was a need to have a fresh look at the process, only five MPPs fully supported the committee's approach; one MPP offered qualified support; and the remaining three, while supporting the recommendation in principle, questioned whether it was workable given the current political environment.

"The rationale of those MPPs who supported a more future-oriented review of estimated expenditures was generally along the lines of the following statements" which two of the members were making.

One said: "The estimates committee is the watchdog of government spending. At times some programs are working very well, while others are just surviving. The estimates committee should help the minister to identify programs to save and program problem areas that warrant cuts."

The other said: "The review of the estimates should be done in advance of the fiscal year to which they apply. Currently, the review of the estimates is a complete whitewash process."

Very much of an indictment to end this with, but I would like to say in summary—with this I'm stopping to look at this exhibit, although you may have questions on it and I'll be happy to field those—that based on our 1995 work and discussions with the members of Parliament the following problems need to be addressed if the estimates review process is to be made more effective:

(1) The estimates are being reviewed after much of the requested funding has already been spent and members believe they have no real input into the proposed spending decisions.

(2) Although ministry briefing materials provided in support of the estimates have improved since 1989,

additional information focusing on program results and service delivery levels needs to be provided.

(3) Members from all three parties expressed concerns that party politics play too great a role in the review process.

We believe the estimates review process can and should be improved to assist ministers and the government in their decision-making. Key improvements need to be made in two interrelated elements of the review process:

(1) The legislative review should be timed in such a way that the results of the members' deliberations can influence the government's decision-making.

(2) Those ministries selected for review should provide future-oriented business plans, better information on performance actually achieved and expected, and how legislative objectives will be met.

These proposed improvements would, in essence, direct committee deliberations towards providing the respective ministers with specific pre-budget input on such issues as the relative effectiveness of ministry programs, concerns over program results given the costs incurred, and possible service delivery modifications or alternatives. I stress "pre-budget." While the final decisions would still rest with the ministers and cabinet, committee members would have a very real opportunity to influence government spending proposals. We believe this would encourage more objective, thorough and collegial review of proposed government spending.

The recent report of the Ontario Financial Review Commission, which I served as a special adviser, contained the following recommendations which I would like to bring to your attention and have provided as a handout, and that is the third handout that you have. It's just a single page. I should alert you that I've only summarized the recommendations. There's also a brief discussion of these recommendations. Let's take a quick look at these three recommendations.

The first is, "That the requirement for business plans, as outlined in this report, at the government, ministry and agency level, be legislated." The source for this initiative was actually the government accountability act of Alberta, which has in fact legislated the preparation of these business plans. The federal government has similar legislation in place.

The second recommendation is: "That government have a review carried out with the goal of ending the current estimates process, which is ineffective. This review, by either a special task force of the Legislature or an existing committee, should focus on an earlier and more useful debate of spending authority."

That's the Ontario Financial Review Commission. I should remind you that for this report, which was entitled *Beyond the Numbers: A New Financial Management and Accountability Framework for Ontario*, the addressee was the Minister of Finance, and that's why I have particular clearance from the ministry to relate this to you, although this is a public document and I believe all members received a copy of the document. It's sort of a blue thing with a white stripe on the side.

The third recommendation is: "That the special review consider the following additional suggestions from the commission." The committee should be renamed—well,



this goes into a fair amount of detail so you may want to take a look at it as to what it means to you.

The one I would like to point out to you, if you go to the third dash, which is rather of interest, is, "In looking at each plan"—provided to the committee—"the committee should be able to consult with the appropriate minister and deputy minister"—and this is new—"the Provincial Auditor, and others as needed." The idea of putting the Provincial Auditor in was for your committee to have the benefit of what our audit observations were in recent memory about the value-for-money performance of particular programs run by that ministry.

As you can see, the recommendations of the Ontario Financial Review Commission are based on related concerns. The commission's report was issued shortly after I tabled my report and contains a discussion of its recommendations.

I hope you share my concerns and will consider implementing my recommendations to improve the estimates review process. This ends my presentation, and I would be pleased to answer any questions that you may have.

**The Vice-Chair (Mr Joseph Cordiano):** I think we'll go with the usual rotation. What have we decided in terms of time allocation, that we just open it up, 15 minutes for each caucus and go round, open it up to questions? How would members like to deal with this? Usually we rotate.

**Mr Tony Martin (Sault Ste Marie):** Yes, sounds good.

**The Vice-Chair:** So 15 minutes for each caucus. Mr Cleary, questions.

**Mr John C. Cleary (Cornwall):** I see your three recommendations that you recommend pretty strongly and I know this committee sure has needed guidance because I, for one, never figured that we had got a whole lot out of it, especially at the late date the committee is called, when we're almost into another budget. Anyway, other than some of your recommendations and your explaining to the committee, I don't really have too many questions. I think that any way we would go would be an improvement to what we have now. Other than that, I don't have too much to say.

**Mr Jean-Marc Lalonde (Prescott and Russell):** In recommendation I.20, the third one, when you say, "should be able to consult," you added "the Provincial Auditor, and others as needed." You say that was new. Is there a reason the Provincial Auditor had to be added to this recommendation?

**Mr Peters:** Firstly, it's not from my report but it's the Ontario Financial Review Commission's report, which was formed, as you know, by six chartered accountants and two members from the outside. The two others were Sonja Bata from industry and Helen Sinclair, who was at that time the president of the Canadian Bankers Association. It's that committee's recommendation.

They added my office or my name to it because they felt that the estimates committee, being on a forward-looking tack and wanting to take a look at the programs, should be alerted to highlights of audits that were published by my office on that particular ministry's activities or programs, so they could take into consideration those points that were raised in the audit, because the estimates

also, when you look at it, should really take a look at the three things, whether there's due regard for economy and efficiency and whether they know how effective the program is for which funds are voted to them by the Legislative Assembly. Those are all issues that are covered in my reports.

**Mr Lalonde:** Mind you, I'm not against it because you're the expert in that domain and I am pretty sure that would help out the committee; also the fact that you'll be attending it.

**1600**

**The Vice-Chair:** Perhaps I could ask a question, if the committee will permit; of course, this will be in as non-partisan a fashion as I can make it.

In your statement here on page 2, referring to the ministries selected for review, they should provide future-oriented business plans, as you put it here. The government has just announced that they will be bringing forward business plans. I would hope that included in those business plans would be an accountability framework, something we discussed in public accounts committee and something that you've elaborated on in great detail in terms of what suggestions might be contained in that accountability framework. Is that what you're referring to when you talk about future-oriented business plans, including along with that an accountability framework?

**Mr Peters:** Principally, the business plans, as we see it, would really be part of that accountability framework. The part that my initiatives, which are really in another section of my report where we are advocating an accountability framework, I have always advocated a legislated accountability framework so that the legislators can take actions on the accountability.

I hope very much that will be taken into consideration. In other words, there will not just be consideration of business plans in isolation, but they must fit into something. That accountability framework essentially starts with a plan. The thought that, for example, the Ontario Financial Review Commission expressed in that particular area was that since the business plans would cover three years out there would be a selection made in any one year of, say, one sixth of the ministries.

But parallel to that process of the sixth that, through the research and the support this committee would have, there is also some monitoring of the performance-against-plan of all the ministries and that in addition to calling back that third, there would also be a calling back of those who are departing from promised performance for one reason or the other. That is one comment.

The second comment is one that I admit to you I am looking forward to with great interest. The government also announced in its fiscal outlook statement which was tabled, I believe, in November 1995, reference to the fact that on transfer payments they are considering—and I don't have the exact words, but it's how it came across to me—an approach of becoming less conditional on transfer payments and yet, at the same time, said they would look for greater accountability in this process.

The concern is how do we balance this, because we are currently spending—and I only have the figures for the last audited year which was, of course, 1994-95; in that year, transfer payments to organizations which had some

accountability amounted to somewhere in the range of \$25 billion. These people all received grants so it's going to be very interesting for us to look at what controls and what accountability will be established over these grants which after all make up pretty close to half of all the government spending. So that balancing and what accountability will be demanded is of—

**The Vice-Chair:** Just to make clear, if it's not clear to members, these are non-conditional grants.

**Mr Peters:** That's right. These are the payments to what I call the CHUMS sector: colleges, hospitals, universities, municipalities and school boards, and they are all, in a way, conditional simply because the recipients are all either incorporated or have to follow provincial legislation. To give you an illustration, school boards, for example, implement actually the Education Act of the province.

**Mr Martin:** Actually, I have a lot of interest in this and have some concern. Before I get into that, would you mind telling me who are the MPPs that you interviewed?

**Mr Peters:** You mean names?

**Mr Martin:** Yes.

**Mr McCarter:** I could tell you a list, but I couldn't tell you who gave which quote.

**Mr Martin:** No, I don't want the quote, I just wondered who you interviewed.

**Mr McCarter:** Dave Ramsay, Steve Mahoney, Mike Brown, Cam Jackson—who was the Chair of the estimates committee at that time—Ted Arnott, David Turnbull, Gilles Bisson, Norm Jamison and Wayne Lessard.

**Mr Martin:** In putting together your review of this and your recommendations, you mention a couple of commissions. You also obviously had some advice. Who did you speak to in pulling all this together other than the MPPs that you interviewed?

**Mr McCarter:** Essentially, aside from the MPPs, most of it would have been—we did a fair bit of research into other jurisdictions, so we did speak to say the clerk at some of the committees at the federal level. Essentially, there were two major components to it. It was basically discussions with the nine MPPs and then again, because the Provincial Auditor's office is not expert in this sort of thing, we wanted to find out what was being done in the other jurisdictions because we were aware that some of them were definitely taking a different route vis-à-vis the estimates process. Everybody was kind of grappling with how can it be improved. We were trying to find out what some of the others were doing vis-à-vis rather than reinvent the wheel.

**Mr Martin:** One chart here you had Canada, Alberta, Manitoba, New Zealand; you were looking at the United Kingdom and the United States as jurisdictions that you looked at.

**Mr McCarter:** When I say looked at, we didn't do a thorough, in-depth audit, but we did have literature from some of the other jurisdictions. For instance, Alberta sent us the stuff on the government accountability act, and we tried to extract from that and summarize things which we felt were relevant.

**Mr Martin:** I want you to know that I'm asking questions just from my own personal perspective and trying to get a handle on this, because I personally found

the time I spent over the last few months at this committee quite helpful and informative and, probably even more than that, an excellent opportunity for me to participate in a forum with my colleagues of various stripes around questions. The estimates that we just looked at were our estimates from last year, but we were also, in our questions and our probing, projecting into the agenda of the present government and doing some comparing and asking some questions.

I'm a politician. We're all politicians here. We're all elected from various jurisdictions across the province. We all come to this place from political parties. That's the way the system works in Ontario. I don't think anybody, for a second, would suggest it's not a good system. We've had it in place for a number of years now and I suggest it's going to be around for quite a while to come.

One of the concerns I have re some of the observations and the suggestions, the recommendations that are made, is that somehow this group be non-political, that the politics that are brought to the table, the different perspectives that are brought to the table, somehow make what happens here ineffective and not helpful. I suggest it might be that if this is simply putting together a business plan, then that might be the case, but I don't think that's what this is about.

I didn't come to Queen's Park—even though I owned a small business before I got here and I understand business plans and how bottom lines have to be positive, particularly after a while, if you're going to stay in business. Even though government, I know, strives to get value for dollar, which is something that I think you've certainly brought to the fore in your tenure, in the position that you hold, and have brought great focus on that, that we have a myriad of other considerations and that governing isn't simply a black-and-white bottom line, you put this much in, you get this much out, and at the end of the day you can measure all these things. In my mind, government is a very sophisticated, complicated, often frustrating exercise and you plod along for the most part. There are days when it is fairly exciting in that you can see some result and positive, quantifiable end to some of the things that you do, but mostly it moves along. The folks out there, in their wisdom, decide from time to time to change the direction of a government by who they put in as the government.

1610

I want to ask you to make further comment on the suggestion I hear here, that we be less political and more interested in bottom line and value for dollar and those kinds of things. Are they mutually exclusive or can they work together and can we find something that will allow for both of those things to happen or are we whistling in the wind?

**Mr Peters:** To answer your question, they need to work together. The partisanship that we brought out was really the members bringing it out and the members made it very clear that the partisanship only arose out of sheer frustration, because the members from all political parties—there was no particular stripe that was strong on this or weak on this, they were all uniform, because the way the committee proceeds right now really does not make a difference; it's unlikely to make a difference. Let me talk about that for a moment.



Firstly, the money's already spent. The budget is presented. Assume for a moment that this committee were to find in its deliberation that one ministry has really made one colossal mistake in the estimates that it has brought forward—it's out \$1 billion. Now what? What can you do about it in the current process? Because really what happens is that you would come—and I'm sorry to bring a dollar amount in, but just for illustrative purposes.

The only way that is open is really to put a motion of non-confidence on the floor of the House in the government, because, let's say, the budget was out by \$1 billion. The likelihood of that succeeding with a government that has brought in that budget at the beginning of the year is really nil. It may be very attractive to the opposition parties to do so, but effectively it's just not going to be realistic. You may get a little bit of play for it in the press, but really, by the end of the day it will not have made a difference.

This is why the thrust that we received from the interviews with the members was really to say, "Look, why can't we restructure the process in such a way that it will make a difference?" The best difference it made was if it became an advisory process, where in advance of the budget being struck, in advance of the estimates being presented, that this committee looked at the plans future out and took into consideration all the good factors that you have brought into consideration, not just the dollars but also the effectiveness, the value that we're getting from the program, the impact that the program may have and all these things, and then write a report to the minister responsible for that particular ministry, with a copy, if you want, to the Minister of Finance, and indicate: "This is the result of our deliberation. Please consider this when the estimates are prepared for this particular ministry and when the budget is prepared."

In that regard, it would be contributory in consultative process. Also, when the budget then is debated, certainly you would bring that insight to the floor of the House at the same time, and when the budget is debated in the overall, it has, at least in the opinion of the members we interviewed, a much better chance of making a difference than the current contribution in the final budget. I hope I've answered your question.

**Mr Martin:** Yes, you've explained a couple of things for me and I appreciate that. Certainly if I'd been asked, I might have had a little different slant on it in that my own experience in government in chatting with some of the ministers who came before this committee was one that led me to believe that it was not something they took lightly. It was not something they saw as just the thing that they had to do so they can get on with the business of being minister and being government. There was the sense of, "I'm defending my record, my tenure and defending the plan that I'm laying out there."

So to suggest somehow that it's a waste of time maybe, and I'm getting that because it's too late and it's after the fact and it doesn't mean anything and really it accomplishes nothing is not quite my experience of it. I remember ministers in our government sweating bullets before they came to estimates, preparing and getting ready and making sure they had all the material in place and knowing that they were going to be asked some pretty tough questions by some of the people, particularly

in the opposition because that's their job. My job in opposition is to query and to question and to probe and to put on to the table some alternatives that the government might consider in what it's doing.

I suggest to you that in some instances, and even in this government, to give some credit where it's due, there are some ministers who are interested in what a person like myself has to say representing a group of people coming from the place that I represent, Sault Ste Marie. We have a particular set of circumstances and issues that we have to have dealt with that are different than downtown Toronto and so there's that listening and opportunity to chat.

I would agree with you that it would make more sense that we do this sooner rather than later so that it's relevant, so that we're dealing with what's actually happening and have even a greater chance of having some influence at the end of the day in what the government's doing.

I would, however, challenge the contention by anybody that this committee is somehow not effective and may be irrelevant and a waste of time and that it is in fact way too after the fact and nothing really valuable comes from it because, as I said, my experience of it, having been here for six years now almost, is that it does have some relevance and it is an important forum. It's a chance for some of us who don't participate at the cabinet table or don't participate at cabinet committees or have a chance to sit on a regular basis with some ministers in areas that we might have some either personal interest in or some concern about because of some impact with our own jurisdiction. It's a chance for us to put on the table some of our concerns, to ask and to challenge some of the things that have been done and the things that are projected to be done and to in that way influence in some way the direction and the course of government.

The other question that I wanted to get into, and I'm not sure how much time I have left because—

**The Chair (Mr Alvin Curling):** If I was going to use my powers, I'd say you have three minutes.

**Mr Martin:** I've heard you since you've been appointed to this position harp very much on this value for dollar and bottom line and now I take it you're really excited by the prospect of business plans.

I'm trying to figure out how this fits in here, but I think it does. I think this is a committee that could perhaps challenge the government on the issue of government not simply being a business, that government is in an area of activity that affects the lives of all of the people of Ontario in very significant and interesting ways, and it's not as simple to measure value for dollar as some people would purport.

**1620**

I would ask you, in helping us deal with the activity of this committee, how do we bring to the table, with help from yourself, the wider context within which we have to operate here, the question of spending money in health care, prevention and promotion, that has a payoff 10 or 20 or 30 years down the road? How do we measure that? The protection of our environment and the forests, not turning them over, for example, to the private sector to be managed in their best interests, but somehow looking at them as a resource that belongs to all of us, and making

investments that don't necessarily pay off next year or the year after but 20 or 30 years down the road because of the way we've dealt with things, how do we measure that? How do we keep track of that kind of thing and how do we bring it to this table so that we can hold the government accountable for that kind of a template as opposed to a very simple sort of bottom-line business plan, "This much in, this much out," and that kind of thing?

**Mr Peters:** I think the answer to your question—let me just, if I may have a moment, put a few potential misconceptions that I may have inadvertently left with you off the table. When we talk about business plan and bottom line, we're not talking about profit or loss, we're not talking about the traditional business bottom line. My act is very specific. There are two additional things that I have to specifically ask that go very well beyond the bottom line. The first question is, is there due regard for economy and efficiency? That has a little bit of a bottom-line connotation. But more importantly, does the ministry measure and report satisfactorily on its effectiveness, the effect it has on the program?

I have been advocating, even in my appearances with the media etc, I'm really saying that there are three fundamental questions that I'm asking when I look at a program, and they may be of use to you. The basic question is, does the program meet the legislated expectations when this House passed the law and said, "The Education Act shall do the following things"? So the first question I ask: Is the program that I'm looking at complying with that intent, with those objectives? If it is not, how badly does it fail? Does it need to be modified, and can it meet those objectives with modification? Or the third question is, if it doesn't meet it, do we need to replace it? If so, with what? And should it be discontinued? That is far broader than the bottom line. That is really looking at the legislated objectives for a particular program and that takes into account all of the things that you were mentioning.

Let me get to a second point that you raised, and that is that in none of our deliberations, none of our report, nowhere, did the members of Parliament express the view that reviewing the estimates was a waste of time, and that's why we are only talking about improving the process. What they're all saying is, "Look, can we make it better by doing two things: One, the timing, when we do it, and the second, can the information that comes to us as part of this committee be improved in some way so that we do our job better?" I'm talking strict improvement. I'm not talking doing away with anything, nor did any of the nine members whose views I represent in my report. So it is just a view, what can be done to improve the process, not doing away with it.

I'm not overwhelmed by the problems, because both my office and subsequently, as I pointed out, the Ontario Financial Review Commission found the same frustrations but also came up with a solution and came up with a proposal to make to you as a committee as to how to improve the process, and it's a very important process.

**Mr Frank Sheehan (Lincoln):** I agree exactly with what you're saying in your last comments, that this format should provide us with a process for reconciling disparate points of view, bringing them to—you look at

the government's plan for what they're doing, you can have his input into the process and then it gets checked in the ongoing review process subsequently.

I found these exercises were frustrating and somewhat meaningless and that, one, the information was so old that it had must on it, and secondly, we were debating—we ended up in debates on philosophy that weren't even necessarily germane to the subject we were looking at. I remember many accounts where people just took time to—the word I use is "expatiate" on their own political philosophy, and it had nothing to do with the subject at hand.

I think this forum does provide us with an opportunity for input and it does provide us an opportunity to say, "What are your measurables? What are your outcomes?" and it's not just a bottom line, it's not just a value for dollar added, the point is, what is your program, what is your policy, how is it manifested in here, what's the good going to be derived by the public for this process and how much is it going to cost? Because you can't disregard cost. You've got to look at the jackpot we're into with debt right now. All our options are gone because we're broke.

*Interjection.*

**Mr Sheehan:** Excuse me. I thought you were telling me to shut up. That hurt. It squeezed the wind out of me.

That doesn't happen the way the process is now. I like the idea that these plans are an ongoing process, so the information should be given to us in advance, we should have time to contemplate it, think about it and prepare some questions to ask people and it should also contain a future aspect that you're talking about, this idea that Alberta has, moving out three years in advance, not only from policy considerations but for cost considerations.

You can say what you want about whether it's a business or not a business, but when you're broke, you can't achieve any of your philosophical aspirations. This process—we've been through this last year—I found as a businessman totally meaningless, just devoid of any sense except maybe to fill my hopper with some—what do you call it?—aggravation to get it changed.

So I think you have to have the information in advance. I think we have to demand that they set out their goals, both policy goals and their budget considerations. I think we've got to find some way to put a check on the political rhetoric—we get enough of that in the Legislature. I think we detract from the government's ability to govern when we do that stuff.

I like your recommendations. I commend you for them. I would like you to give us whatever direction you can to make sure they get implemented. I don't know how you enshrine them in the law, but I would like to see them enshrined in the law, because then they have to be obeyed. Good report. Thank you very much.

**Mr Wayne Wettlaufer (Kitchener):** Mr Peters, I don't know why the government ever got involved in the present process; I just know that as a businessman I have always been reviewing plans in advance. I used to like to do two- and three-year plans, but unfortunately government got to the point that it couldn't even project a plan a year in advance, and that made it very difficult for business people to do the same thing. I like your sugges-



tion that the Provincial Auditor should be involved in the planning process, in the review of the ministerial plans. 1630

One thing I do have a question on: Why did you recommend, under I.20, that the committee should conduct reviews on a three-year rotational cycle, ie, only one third of the ministries each year? Could we not review each minister's plan each year?

**Mr Peters:** First, I find it a little difficult to speak to that because the document you're reading from is not mine. It's just one I wanted to bring to your attention.

**Mr Wettlaufer:** I'm sorry. It's the Ontario Financial Review Commission.

**Mr Peters:** They provide an answer, actually, if you will, in their own—this is what their document looks like. It just happened to be blue and black when they published it. Maybe I can quote to you from what they're saying:

"The estimates debate usually provides the only opportunity for the Legislature or a committee to look at spending plans in detail. However, several factors make this process less effective than it might be."

One, "the debate takes place well into the year in which the spending takes place," and we just discussed that. Two, "expenditures are not laid out in a way that promotes informed debate about how well they will meet ministry objectives." Mr Martin, that may also meet the concerns you expressed. Three, "There is no subsequent review of plans or performance."

Those are the three things that were of concern, and they say in the final paragraph, "The legislative review suggested by the commission could"—and this is "could," not "should"—"also deal with the issue of how the three-year rotation of ministry plans would be phased in." I'm specifically referring to page 34 of the report, which I believe is available in the office.

They are suggesting the three-year rotation. In my report we talked about the three-year because we found that is sort of the focus other jurisdictions were using. In Canada, the Alberta government does it and the federal government is looking at three years. New Zealand was looking at current year plus two, on that basis. Largely, the three-year seems to be driven by the normal term of government so there is a discussion of all ministries in the cycle of one government.

**Mr Wettlaufer:** But are they done on a rotational basis, the other governments, or do they review each minister's plans?

**Mr Peters:** The point was really one of practicality. At the moment we were looking at the 90-hour limitation, which exists currently, and how much can this committee achieve in 90 hours. It seemed to be practical. Just saying 15 hours per plan of a major ministry seemed to be quite a good number.

**Mr McCarter:** If you go back to page 25 of our report, that issue was considered in 1987 and they recommended, when the select committee on estimates was set up, they be given the mandate to review only a select number of estimates so that they could do it in detail. That was specifically addressed about 10 years ago.

**Mr E.J. Douglas Rollins (Quinte):** Thanks to you people for coming. I believe, being a new person on the block this year and coming in, when you look at esti-

mates it's something where the word fools you right off the bat. "Estimates" is something that we're going to spend, not something that is already behind us. I think if the word was changed to "Spending review process," it would be a lot more practical and would bring us into the field of what we're doing.

True, we were looking at numbers from the previous government. Had we found anything major wrong, it was way too late by probably a year. If you bring that process into "Spending," it certainly gives the ministers the opportunity to appear before us and to dialogue with them.

I personally feel we should stay away from the same kind of questioning and rhetoric that we go through in the big House. I think we should be a little different in this room, where we can get down to a little bit different questioning and do it on the political lines. But I feel it's something we need to keep involved in because it is a very large learning process and it gives us, particularly the backbenchers, the opportunity to put our heads around some things we otherwise wouldn't have the opportunity to do.

**The Chair:** I think you folks were quite effective the last time. Your ministers were getting some of the toughest questions from their own members.

**Mr Rollins:** I think that's good.

**The Chair:** I said that in jest, but you took it seriously and you asked good questions.

**Mr John Hastings (Etobicoke-Rexdale):** Mr Peters, in the recommendations made by the Ontario Financial Review Commission, what is your thinking in regard to the idea that we ought to have some kind of rating system that tells members of the estimates committee, or public accounts for that matter, that a particular ministry is doing well in terms of the value-for-money audit concept you're trying to apply? Do we need some kind of a rating system, like a five-star like you'd have for the hospitality industry? Because right now there's no way of determining whether one ministry is giving you better value per dollar than another ministry.

My other concern relates to estimates spent before they arrive here. Are you finding yourself, when you audit an agency or ministry, that there's still the usual traffic pile-up at the end of March 31? "We have \$50,000 in the budget of this division. We've got to go out and buy three more TV monitors," or whatever it happens to be, and that they're still rewarding themselves on whether they can get rid of that 50K or nearly, or has the thinking and behaviour changed there? I'd be very surprised if it has because there's no reward system to do so. The reward system has always been the more you spend or maximize even beyond the credit card, you'll probably get a promotion.

**Mr Peters:** All three are very good questions. Let me deal with one after the other, and maybe also get to Mr Rollins's point.

As far as the actual spending is concerned, the way the committee structure is right now, and that is up to the House and not to me, there are essentially three committees involved in the overall. As far as past spending is concerned, certainly the public accounts committee, to which I report and on which I serve as a permanent adviser, is dealing with my value-for-money issues; there

is also the standing committee on finance and economic affairs, which deals with overall economic affairs and finance, and we have from time to time very interesting input; and there is of course, and I shouldn't say this last—it's last but not least—this committee dealing with the estimates.

Mr Rollins made the point—and Mr Hastings, I don't know how you feel about that; I certainly agree with him—that it really would be the intention that this committee deal more with forward looking, but you only can look forward if you know where you have been, where you're at and where you're going. If we take a look at the three committees, we find those are the questions they answer. Public accounts looks where we have been and what we can learn from it; the standing committee on finance and economic affairs is where we're at, what is our economic condition and what are our current affairs; and the estimates committee is where we are going. So we look into those three.

The second question, on a simplification of the rating process essentially, has been a little bit of a bane of mine, I should confess. My predecessor when reporting on a program and concluding on the government as a whole always gave a rating out of 10. You know, "The government right now is seven out of 10." My argument with that has been that I would find that a little bit unsatisfactory if I went to my physician for my checkup and he said, "Hey, you're a seven out of 10." I'd say to him—

**Mr Joseph Cordiano (Lawrence):** "What's not working here?"

**Mr Peters:** Yes. "What am I missing and what should I be doing?" So I'm a little bit reluctant to get into numbers.

There's also an implied issue, and thank you for the opportunity to bring that out. We have essentially stopped conducting value-for-money audits on a ministry-wide basis because the way the ministries are now run, they run a whole raft of programs and we are looking at how individual programs are run.

Again, to see whether Comsoc, for example, community and social services, gives you value for money as a ministry is very tough to judge, because they may be doing very well, for example, in providing shelters in the violence against women, but they may not be doing so well in the way they administer currently, say, GWA. I'm just pulling things out of the air. These are not audit opinions. There may be a wide diversity, yet I feel the public accounts, as well as this committee, may very well know how individual programs are managed as opposed to how the whole ministry is managed.

1640

That is why, in retrospect, my office could provide a service also to this committee in helping in the estimates because we could provide that advice as to where we found on certain programs where they have been, and since we make recommendations as to where they can improve, we can advise you also what is being done to make those improvements in the process the ministry is undertaking. I hope I'm answering your question.

**Mr Hastings:** You see the role of these committees working in sync then.

**Mr Peters:** Very much so.

**Mr Hastings:** For example, would that mean if the Ministry of Education had gone through public accounts and you had spotted certain areas where they could improve their performance financially and otherwise, that particular committee would be tailgated and followed down into this committee? That's what I was thinking of in terms of actually getting in sync, and not every three years, because they'll be out of sync.

**Mr Peters:** That's true, but if you for practicalities stuck to that recommended three-year cycle, in each of the ministries in the cycle, this committee, I believe, should have the benefit, first, of what the public accounts committee decided on audit reports that were discussed by that committee that I had filed. If that committee, as you know, currently is not getting around to dealing with all the chapters I have, then they may fall back on my chapter as it was. Public accounts will not deal with the entirety of my report either in any one given year, but because also I have an audit cycle, which is currently running three to five years, it would get into sync with that situation as well.

**Mr Hastings:** Where there are inadequacies you've found in public accounts and you recommended, do you think public accounts should be performing more of a targeted role in recommending to this committee if it's going to change its role somewhat? These three areas, say, independent study, home study, as an example, if we're not getting good value, could be followed up here? Is that what your thinking is?

**Mr Peters:** That's right. The report that the public accounts committee tabled in the House on that chapter would be available to this committee for questioning of the ministry and the minister when they come before you: "What have you done about it? Where are you going? What is your policy? What is happening?" I would certainly include that in the information that should be considered by this committee.

**Mr Hastings:** And hopefully this committee would do that.

**Mr Peters:** Would do that, make its input and say, "Yes, you're doing well," or not. You could go as far as, "We have trouble, we have concerns about what you're telling us, because we have heard this in the other committee."

The other part that is rather interesting, I may have inadvertently omitted one committee that has an important role because of a very important feature that has taken place effective with the 1994 fiscal year in this government, and that is that this government is now providing so-called summary financial statements, which do not only contain the information on the ministries but also on a wider circle of entities that have been created. There is an agencies committee out there somewhere and they might have to consider whether they should now not take a similar approach as this committee is taking with the ministries with the agencies which ultimately go into the public accounts.

This is one of the examples of where we have to look as to how business is being done, because I now give an audit opinion on something called the summary financial statements of the province and report on that to the public accounts, so it is getting a broader picture than any one



of the other committees that is dealing with the individual estimates. That's another aspect of looking at information.

There's a lot to be considered. In particular, the Ontario Financial Review Commission is following up on it and really, I think, did it as a "Could you consider this?" and has taken the right step because there's something that the House and the committees of this House could consider.

**Mr Martin:** Just one question. I can't let you go without asking you this question because it really does genuinely concern me. It's the question of template, of what you hold things up against really. You know, does it work or does it not work?

Given the forum that we're in and the different political persuasions that we have here and the approach that we all take, in some instances the same but in many instances different, I would suggest that probably most of us who come here, whether we're Conservative, Liberal or New Democrat, really do have the economic, the social, the health wellbeing of the province at heart. We just have different approaches to getting there.

But is there any way to put together a template to which we can hold, for example, the public health of communities? Is there a measuring stick? Is there a way of taking programs and holding them up and saying, "This is going in the right direction; this isn't?" For example, the very dramatic decision that was made by this government to cut 22%, and I'm not saying this today to be politically argumentative, but is there some way to hold that up against a template that would say, "This is really harmful overall to the fabric, to the economy"?

I know in my community just one measuring stick that the labour council, the chamber of commerce and myself are using is the drag on the economy that that's creating. We're losing \$2 million out of the economy of Sault Ste Marie by way of that reduction in the amount of money coming to people who, through no fault of their own—there just isn't enough work out there—are on the system and are now having a hell of a time making ends meet. That affects my community in many different ways, not only the individuals themselves who are getting less, but overall. Are there jurisdictions that have done that? Crossing all political lines, is there a way of doing that?

One of the things you responded to earlier re the comment I made about simple business plans, money in, money out, that kind, is there some other way of simplifying this very complicated business of the overall health of a jurisdiction like Ontario and how what a particular government is doing is either contributing to that or taking away from that?

**Mr Peters:** One of the words I used in my recommendation, and that is repeated also by the Ontario Financial Review Commission when they deal with the same thing, is the word "performance." Let me add to that that one is performance analysis. I'll give you a very practical example for a moment.

The public accounts committee, after my office had done an audit of universities, established a Task Force on

University Accountability. That Task Force on University Accountability established a subcommittee under Professor Lang of U of T to look at performance of universities and they are still working at that. This is going to be a long-term goal, but one of the questions that should very well be asked is, "Are you looking at your performance?" and in that respect, to answer your second question, "In performance are you looking at the impact that your organization is having and in turn that the tax dollar has on your organization?"

So it's the two questions. The basic question we are asking in the template is actually, "How do you know you're performing well?" That's the fundamental, basic question. The criteria against which you judge wellness, we expect normally the organizations themselves to develop. When you have a ministry before you, you should be able to ask the questions, "How do you know you're doing well?" and "What criteria are you using to measure whether you're doing well?"

**Mr Cordiano:** We ask that all the time.

**Mr Peters:** That's right, and the third question is, "What are the impacts?" This is one of the things where we're involved, because the first thing we do in an audit of a program is develop the criteria against which we want to audit. One of the key features of our audit, which is rather interesting I find—it's very little known—the first thing we do is try to achieve agreement with the auditee ministry on those criteria, and then we proceed.

If we disagree and we have a very strong view, that's a reportable item. But normally, in my history, and it's actually fairly long because I was an assistant Auditor General of Canada at one of my earlier stages in the 1980s when we developed these concepts, I do not recall any incidents where we could not agree on criteria. So it's really those three questions. I cannot give you a template to do it. I can only offer the three basic questions.

**Mr McCarter:** What the member said is that would be one of the benefits of having a more future-oriented business plan, that they would be able to have input before the decisions were made as opposed to having input after the decision was made.

**The Chair:** Thank you very much. I think we were looking forward to this for a long time, and it has happened. The only process I see now is that I presume estimates will arrive earlier to us now. I'd hope the estimates arrive the same day as the budget. Then we can assess if the government can live up to the kind of programs and money they put forward. The question will be almost reversed at that time, to say, "You have stated that. Can you accomplish that within that time?" more than after the fact, which we've always done.

I want to thank you both for appearing before us. I know members were trying their very best to meet at one time or another. We have done it now. We look forward to getting the estimates the same day as the budget. Won't that be nice? Thank you very much.

*The committee adjourned at 1653.*











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\*Wettlaufer, Wayne (Kitchener PC)

*\*In attendance / présents*

### **Substitutions present / Membres remplaçants présents:**

Lalonde, Jean-Marc (Prescott and Russell / Prescott et Russell L) for Mr Michael Brown

### **Also taking part / Autre participants et participantes:**

John Hastings (Etobicoke-Rexdale PC)

**Clerk pro tem / Greffier par intérim:** Todd Decker

**Staff / Personnel:** Steve Poelking, research officer, Legislative Research Service

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## Legislative Assembly of Ontario

First Session, 36th Parliament

## Assemblée législative de l'Ontario

Première session, 36<sup>e</sup> législature

# Official Report of Debates (Hansard)

Tuesday 4 June 1996

**Standing committee on  
estimates**

Organization

# Journal des débats (Hansard)

Mardi 4 juin 1996

**Comité permanent des  
budgets des dépenses**

Organisation



Chair: Alvin Curling  
Clerk: Tannis Manikel

Président : Alvin Curling  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON  
ESTIMATES

Tuesday 4 June 1996

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Mardi 4 juin 1996

*The committee met at 1540 in committee room 2.*

## ORGANIZATION

**The Chair (Mr Alvin Curling):** I call the standing committee on estimates to order. We should be considering the estimates for 1996-97. What I've asked the clerk to do today is to explain a little how the selection process would go so we'll make the selections in a way that is more effective to all. The last time I attempted this, I don't think I was as effective as the clerk would be, who is quite knowledgeable, of course.

**Clerk Pro Tem (Mr Todd Decker):** I've provided for all the members the excerpts of standing order 59, which sets out the process by which the selection of estimates is made by this committee. Essentially, each of the three parties on the committee is entitled to select one or two ministries to be considered in two rounds, beginning with the official opposition, then to the third party, then to the government party.

On the first round, the official opposition could select one or two ministries for review for a total of 15 hours. If one is selected, that single ministry could be reviewed for a maximum of 15 hours. If two are selected, both of them could be reviewed for a combined maximum of 15 hours, and how the division of those 15 hours takes place is up to the designating party. It works the same way in each of the two rounds, so that at the end of the time the committee has selected anywhere between six and 12 ministries for review.

Those ministries not selected are deemed to have been adopted by the committee, and the Chair will make a report back to the House reporting those estimates. They're deemed to be adopted and concurred in by the House, and then the committee, by the third week of November this year, must make a report to the House on the estimates it selected and considered.

The purpose of today's meeting is simply for each of the three parties to make their designations and for the committee to consider by what date you'd like to commence considering those estimates, taking account of the need for the ministries and the critics to prepare for the beginning of those considerations.

**The Chair:** That being said, I will then ask the official opposition to make their selection of one or two.

**Mr John C. Cleary (Cornwall):** Thank you, Mr Chairman. The Ministry of Education and Training and the Ministry of Health.

**The Chair:** Education and health, I hear from the opposition. And are you asking the amount of time for each to be divided equally?

**Mr Cleary:** If that's what the rules are, we'll split it equally, yes.

**The Chair:** That will be seven and a half hours for each. The third party?

**Mr Tony Martin (Sault Ste Marie):** I'm going to ask for the Ministry of Economic Development, Trade and Tourism.

**The Chair:** Are you asking for the same process, to be split —

**Mr Martin:** Just one ministry.

**The Chair:** Sorry. Just one ministry you're asking for this time.

**Mr Martin:** We get another round, right?

**The Chair:** Yes. Are you asking for the full 15 hours on that?

**Mr Martin:** Yes.

**The Chair:** Okay. We ask the government side now.

**Mr Tony Clement (Brampton South):** Thank you, Mr Chairman. I choose Intergovernmental Affairs, please.

**The Chair:** And 15 hours on that?

**Mr Clement:** Correct, up to 15 hours.

**The Chair:** Now for the second round for the Liberals.

**Mr Cleary:** So we can pick another 15 hours?

**The Chair:** Yes.

**Mr Cleary:** The Ministry of Agriculture, Food and Rural Affairs and the Ministry of Transportation, shared.

**The Chair:** Agriculture and transportation, five and a half and five and a half. Third party?

**Mr Martin:** I'm going to call the Ministry of Northern Development and Mines and the Ministry of Natural Resources. It's the same minister.

**The Chair:** Another 15 hours.

**Mr Martin:** Split 50-50.

**The Chair:** The government?

**Mr Clement:** I choose francophone affairs, please.

**The Chair:** Up to 15 hours, Mr Clement.

**Mr Clement:** That's right, another very important issue.

**The Chair:** We have then exhausted the selection of the ministries, and the only other matter to be settled now would be, when should we start?

**Mr Clement:** I suggest that the subcommittee should meet to consider this issue.

**The Chair:** Is that okay with members of the subcommittee, to meet and discuss this?

**Mr Martin:** No problem.

**The Chair:** Will this be a travelling —

**Mr Clement:** I'm in your hands. If you're prepared to defend it in the House, I wish you Godspeed.

**The Chair:** That being it, there's no other matter to be discussed. The committee stands adjourned.

*The committee adjourned at 1546.*



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**Legislative Assembly  
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First Session, 36th Parliament

**Assemblée législative  
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Première session, 36<sup>e</sup> législature

**Official Report  
of Debates  
(Hansard)**

**Tuesday 25 June 1996**

**Journal  
des débats  
(Hansard)**

**Mardi 25 juin 1996**

**Standing committee on  
estimates**

**Comité permanent des  
budgets des dépenses**

**Ministry of Education  
and Training**

**Ministère de l'Éducation  
et de la Formation**



Chair: Alvin Curling  
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STANDING COMMITTEE ON  
ESTIMATESCOMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Tuesday 25 June 1996

Mardi 25 juin 1996

*The committee met at 1541 in committee room 2.*

## MINISTRY OF EDUCATION AND TRAINING

**The Chair (Mr Alvin Curling):** Could we begin, please, the estimates on education. I just want to make a quick comment. I will observe that the NDP is not here. I asked the minister if he had a written statement to make, a 30-minute statement, which is normally the procedure. He told me yes, so therefore that could be shared later on and I hope a copy is available for the NDP when they come in.

The process would be the Minister of Education and Training and then there are 30 minutes each for each party to make their response and their comments. They can use it any way they want, whether or not it is a question or a statement. In the seat is the minister himself, Mr Snobelen. You may begin, sir.

**Hon John Snobelen (Minister of Education and Training):** Thank you, Mr Chair. I also note that the third party is not represented here and I'm sure their representatives will be disappointed not to be able to be here in person for this statement, but I'll make sure they get copies of it.

I'm pleased to have an opportunity to appear before you today to discuss the accomplishments and initiatives of the Ministry of Education and Training.

In the past year we have taken some major steps in education and training reform, in realizing our goal of achieving an education and training system for Ontario that is characterized by excellence and accountability and geared to job creation and prosperity.

The reforms affect the entire education and training system and are necessary if we are to ensure that the system is geared to the needs of students as we head into a new millennium.

I want to be clear about this. The changes we are bringing to education and training will be real change, not mere tinkering. We will foster and encourage partnerships in the schooling of our children, partnerships that include students, parents, teachers and representatives of the community and business.

We will operate the ministry itself in an economical, efficient and accountable manner. We will ensure that in delivering excellence in the classroom the education system also delivers real value to Ontario taxpayers. To this end, we are working to develop a fair, equitable and efficient way of financing education.

The people of this province are aware that Ontario pays far more to service its enormous debt than it pays out for elementary and secondary education. This is a major threat to the future of our children. It's a threat that we cannot tolerate.

Within the mandate of this government, we are committed to putting in place an education and training system that will serve the next generation well and give hope to our young people for jobs and security. And, by doing so, we will enhance Ontario's future prosperity.

The government is committed to providing Ontario's young people with an elementary and secondary education that will impart the skills, knowledge, habits and disciplines necessary for them to pursue their life goals.

We are committed to developing an education system that represents real value for taxpayers, for the students and the parents of Ontario, a system that by any measure uses its resources — human, physical and financial — to the maximum.

To this end, we have passed four pieces of legislation which I will discuss further as I progress in my remarks, but first I want to remind members that the measures the government has taken are measures we said we would do more than two years ago with the public release of the Common Sense Revolution. That document grew out of the discussions we had with thousands of Ontarians over a four-year period.

We heard the people of Ontario talk of their needs, their fears and their hopes for themselves and for their families. Above all, we heard their desire for lasting change in the way Ontario is governed. The government has acted to bring about the kind of real change needed to ensure hope and prosperity for all Ontarians.

Since becoming Minister of Education and Training a year ago, I personally have talked with hundreds of students, parents, teachers, trustees, community and business leaders and ordinary taxpayers. What they told me is that they believe that education savings can be achieved without compromising education quality. They also said there must be opportunities to develop cost-saving solutions locally, and they said that while these matters needed urgent attention, we must also allow time to ensure that we maintain quality programming for our students. Our actions show that we have heard and responded to the needs of students, parents and taxpayers.

To make our vision for education and training a reality, we have established the following goals:

- To provide Ontario's young people with the best education possible so they will have the necessary skills and knowledge and the competence to achieve their goals and to contribute to Ontario's prosperity.

- To ensure that qualified applicants have access to post-secondary education.

- To establish a training system relevant to the needs of workers and employers, one that will help Ontarians find and keep jobs in increasingly competitive global markets.



— To operate the Ministry of Education and Training in an economical, efficient and accountable way.

The government is clear about the need for a different education and training system, a system characterized by excellence and accountability and geared to job creation and prosperity. Working with our partners in education and training, we will get results for the students, trainees, parents and taxpayers of this province. We can, and we will, do better for less.

Now let me detail some of the specific initiatives the Ministry of Education and Training has undertaken in the areas of elementary, secondary, post-secondary education, and training.

We passed Bill 34, which enacts key elements of the education savings strategy I announced on March 6. It's part of our plans to help school boards bring education spending under control and achieve savings of about \$400 million in 1996-97. We have clearly stated that classroom funding should be protected and taxes should not be increased.

Mr Chair, the member of the third party has just walked in. Would you like me to begin these remarks again or should I take it from where I am?

**The Chair:** No, Go on.

**Mr Bud Wildman (Algoma):** Mr Chair, I apologize. I was in the House to hear the Attorney General's apology to the victims at St Joseph's and St John's, which was eloquently presented.

**The Chair:** You may proceed, Minister.

**Hon Mr Snobelen:** Thank you, Mr Chair.

A number of school boards have in fact heard this message and acted responsibly. For instance, some boards have achieved savings without increasing property taxes or laying off teachers, while retaining programs like junior kindergarten, which is now an option that the ministry funds at the normal per student rate.

Here are just a few examples of school board responsiveness:

The Huron County Board of Education decided to sell its board headquarters building and move into one of its schools.

The Sudbury Board of Education is twinning and sharing principals in 12 schools.

The Stormont, Dundas and Glengarry County Board is renting space at a minimal cost at St Lawrence College to house French-language secondary school programs.

There are many other school boards that have demonstrated innovative thinking and a commitment to control costs and protect classroom spending. Bill 34 gives boards a clear mandate to make cooperative arrangements in order to cut expenditures. It also requires each school board to publish an annual report of the measures it has taken to reduce spending and improve efficiency through cooperation with other boards or public sector institutions.

The school board restructuring task force which was commissioned by the previous government indicated in its recent public report that 47% — that's roughly \$6.7 billion — of all education dollars spent in Ontario are directed towards items outside of the classroom. That's money spent on items such as school board administration, transportation and custodial maintenance.

The report recommends that non-classroom expenditures made by school boards, and I quote, "be limited to 40% of their total budgets." This in itself would reduce total education expenditures in Ontario by about \$1 billion each year. Currently, Ontario school boards annually spend approximately \$890 million on board administration, \$600 million on transportation and \$1.2 billion on maintenance services.

**1550**

It's clear that a significant saving outside the classroom is possible. The challenge is to achieve reductions that will move education spending to sustainable levels while protecting the quality of classroom education. Bill 34 answers this challenge. It points us toward an environment where our important investment in education is a sustainable investment.

The bill also respects and embodies the principle that the province shares responsibility for education with local communities.

As a step in getting spending under control, we have placed a one-year moratorium on new construction of school facilities. Through the general legislative grants we have encouraged boards to reduce expenditures on transportation, central administration, instructional supervision and maintenance services. Greater cooperation between school boards and between boards and other public sector agencies is one important way to achieve these goals. Bill 34 gives boards a clear mandate to make cooperative agreements and it also provides a mechanism to make boards publicly accountable for their actions in this area.

Other parts of Bill 34 show that we have, where necessary, structured each measure to allow boards to make decisions that will best serve their local communities while protecting educational opportunities.

For instance, we've allowed more flexibility to adapt administrative structures to local needs. We've provided more flexibility to school boards by removing references to the number of sick days to which teachers are entitled.

In addition, I have asked a small working group to investigate and make recommendations by the end of this year on the feasibility of differentiated staffing; that is, having qualified people who do not have an Ontario teacher's certificate perform functions such as library, career counselling and computer-related services.

Bill 30 is an example of this government's commitment to a comprehensive approach to testing, accountability and improvement. With the passage of Bill 30, we established a new office operating at arm's length from government, the Education Quality and Accountability Office or EQAO.

An independent, comprehensive assessment program is key to achieving a responsive and effective education system in which taxpayers can see value for their investment, and Ontario's young people can achieve excellence in their education.

Ontario's assessment program will include testing of all English- and French-language students in grades 3 and 11, with sampling in maths and sciences in grades 6 and 9.

In another area of testing of particular interest to adult students, we have announced the expansion of the general

educational development testing services program, normally called GED. The GED tests, which have been successful in Canada for more than 25 years, will help adults earn the equivalent of a secondary school diploma.

The program is aimed at adults 19 years of age and older who have been out of school for at least a year. Through the GED tests they will be able to show that through their life and work experiences they have acquired the knowledge and skills associated with, and comparable to, high school completion. I am pleased that we are expanding this program to make it available to more people and thereby creating greater access to jobs and post-secondary education.

Let me move now to secondary school reform. We are working with our education partners to develop reform of our secondary school program. Members of the external advisory group have been very important to the progress we've made to date.

When implemented, the reforms will result in a new four-year secondary school program with high graduation standards for all students. There will be clear course requirements for students planning to go to university, college or the workplace. There will be expanded cooperative education and work experience programs, and improved guidance and career counselling policies and programs.

Today's new information-based economy puts a greater premium on learning than at any other time in our history. In an increasingly competitive world, high-paying, productive jobs will be available to people with the necessary knowledge and skills. With this in mind, we announced in May a major funding increase to expand the use of leading-edge computer technology in our schools. The program is the technology incentive partnership program, or TIPP. It's a partnership with the ministry, the private sector and the school system to bring the latest technology to Ontario classrooms.

Last year, the government committed \$20 million to educational technology and had a great response. We have doubled that to \$40 million. This government's commitment, coupled with the commitment from the private sector and the schools, will result in a total investment of about \$80 million. This clearly indicates not only the tremendous support for the project, but also that the private-public partnerships can truly benefit taxpayers.

Another piece of legislation we have passed is Bill 31. It established the Ontario College of Teachers, which will be a self-funded professional body through which teachers of this province will regulate their own profession.

The Ontario Teachers' Federation and its affiliates will, of course, continue to provide collective bargaining and other protective and professional development services for their members. The college will strengthen teaching, increase public confidence in education and ensure public accountability.

By giving teachers the power to regulate their own profession, we are putting the responsibility for excellent teaching in the hands of those who are best qualified to know what a teacher should and must be, today and in the future.

High-quality education must have high standards and a curriculum that clearly outlines what students are expected to know and when they're expected to know it. The ministry will develop a province-wide curriculum so that all students will have access to programs of consistent quality and relevance. This approach will reduce costs and wasteful duplication. At the same time, students will be well prepared to meet the challenges and to achieve success.

The ministry will finalize provincial standards so that students will have a solid foundation in the key areas of language and mathematics. We will also develop standards in other important subject areas such as science and technology to maintain the quality and relevance of learning in Ontario. In a related area, we are also making progress in developing a uniform report card. A provincial report card will be field-tested in over 300 schools across the province in the 1996-97 school year.

In addition to the changes in the elementary and secondary education system, we are also looking for change in the post-secondary system. In order to achieve the kind of university and college system we want for Ontario, we will consult with our post-secondary partners to develop a new policy framework for the post-secondary system. We will soon be releasing a discussion paper to facilitate the consultation.

Our objectives are excellence, access to post-secondary education for qualified students, programs and institutions that meet students' varying needs, accountability to users of the system and taxpayers in general, and an ability to respond to changing economic and societal needs.

I'd like to take a moment to congratulate the post-secondary sector for a job well done and the cooperation to date.

I believe Bill 45, which integrates the Ontario Institute for Studies in Education into the University of Toronto, addresses these very goals. It's an excellent example of how eliminating duplication of services can save money and lead to greater efficiencies in our education system, and will save Ontario taxpayers \$10 million over the next 10 years.

In our training system, workers and employers will benefit from a more focused and cost-efficient training system. We will reform the apprenticeship system to make it more flexible and relevant to the needs of employees and employers. We will continue to establish occupational standards to provide certification to ensure high-quality training and to make it easier for workers to move from one job to another.

In addition, we will explore options for apprenticeship programs taking advantage of modern technology for program delivery. We will make it easier for young people to participate in apprenticeship programs. Apprenticeship training will be expanded to include occupations emerging in the new economy. Through the colleges of applied arts and technology, a more effective training consulting service will support the training needs of local businesses. To provide better and more accessible service, we will combine a number of separate employment preparation programs into a single, cohesive program which will eliminate duplication of services and give



people the basic skills they need to participate in the workforce.

The integration of the programs, services and staff from the Ontario Training and Adjustment Board into the ministry will make for more efficient use of taxpayers' dollars.

The ministry will work with the Ministry of Economic Development, Trade and Tourism to provide provincial government leadership in ensuring that the system operates efficiently to serve both workers and employers.

**1600**

I want to go back to something I touched on at the beginning of my remarks: government accountability.

The government has taken a bold step by producing business plans for all ministries, including of course the Ministry of Education and Training. This innovation does two things: First, it identifies and establishes the core functions of each ministry — the things we do well and will continue to do; second, it brings to bear actual performance measures by which taxpayers, stakeholders and the public can gauge how well those core businesses are being delivered. That's accountability.

The business plan for the Ministry of Education and Training outlines the strategic directions for the ministry and defines new priorities for the future of education and training in Ontario. It shows how we will shape our organization and systems and allocate our resources to create an education and training system that is second to none.

We developed this plan after a thorough review of our current activities. Every program and service was put to the test: Was it relevant to the needs of students, parents, educators and the public? Was it relevant to Ontario's agenda for more accountable, innovative and effective government?

What we have determined is that the ministry must evolve from providing direct services to developing strategic policies for education and training, with the proviso that if a clear business case can be made for direct delivery of a service, we will provide it.

By sharing resources and expertise, the ministry will eliminate duplication of services, and the savings will be reinvested into areas where students will benefit directly.

The Ministry of Education and Training's core activities will include establishing policy, legislation and standards for education and training; supporting an excellent, equitable and cost-effective education and training system; ensuring accountability to the students and trainees of Ontario, to our partners in education and training, including of course parents and taxpayers.

Only an excellent education and training system can deliver the world-class knowledge and skills we need to compete in the new economy. Only when we can measure results and report them publicly can we know that the students and trainees of this province are achieving results. And only through prudent spending can we preserve the future for all Ontarians.

That then, Mr Chair and members of the estimates committee, is my presentation. I think it's clear that the ministry is moving ahead with real and needed change to the education and training system in Ontario. At the heart of this change is quality, accountability and real value.

Finally, it's clear that this change is being brought about through partnerships. In the face of all the challenges ahead for our education system, the one constant I have discovered in conversations with hundreds of individuals and groups across this province has been the value and necessity of working in partnership. We need to work together, and increasingly we are working together.

**The Chair:** Thank you very much, Mr Minister. These are seven-and-a-half-hour estimates and the rotation will go with Mr Patten from the Liberals — 30 minutes.

**Mr Patten:** I will not take 30 minutes. I'd like to make a few comments on the minister's speech and then I will pass it along to my colleague in the NDP.

First of all, I have no prepared text as I didn't think I would need one. As critic, I can follow and make a few comments on what the minister has talked about.

The first thing is that I recall not too many months back when excellence, accountability, affordability and accessibility were part of the terms that were used to describe our system. Now we don't hear very often the term "accessibility." It's clear to me why that term is not used any more, because there are areas in our education system now where accessibility has been truly lost. I think you well know that, I think your staff know that and I think the ministry officials — we have about 22 officials here today. That's a lot of money in one room in one afternoon, going through the motions.

**Hon Mr Snobelen:** Would you like to suspend the estimates process? We could put that to a vote if you'd like.

**Mr Patten:** We have less accessibility today at both ends of primary and secondary schooling, with the local option of junior kindergarten and with the option of adult education. I point that out because it's an area that historically Ontario has had a fair degree of pride in, and that is the accessibility of students in our system.

I would like to also point out that you address and acknowledge that the people of Ontario are aware of the enormous debt you inherited, and I want to address that. I think, as you know, all parties agree with you that this is something to be addressed, but nowhere in here do you address the pressures on education for the funding of the tax rebate. We have to come back to that again and again because you stop at half the equation. It's not incorrect what you say, it's just not complete.

You say, "We need to have these savings to be more efficient and we need to have these savings because, overall, we have this big problem of our debt." Now if you had said, "We have a debt and we have to address that and we made a commitment" — a \$5-billion commitment, by the way, which is a heck of a lot more than what's coming out of education, but still impinges highly significantly on education.

If you had said that, then I would have more respect for your arguments because that would be the truth, that it is the deficit, but you have to acknowledge that the money Ernie is asking out of education — because that's what's happening, \$400 million for this year. That will be more than \$800 million for next year, and when you take that with the social contract and other factors, it's more than \$1 billion.

I think you should expand your argument and be honest with the people and let them know that this is to pay for a tax break that is not truly in the spirit of Progressive Conservatives. It's in the spirit of right-wing politics, because the richer you are, the more you get back. But it isn't progressive. Progressive would mean that those who are in greatest need would get some kind of benefit and those who do not need or whose needs are not particularly great would not be the greatest benefactors of something.

I spent some time on this because so much — when we get to Bill 34, when you take a look at that bill, for example, the whole bill is really a money bill. It's not an education bill, it's a money bill because it's all the little windows, JK and adult education, cooperative ventures, equalization payments — I don't see any reference to that, Minister, in your speech — all of these areas are really windows you open up, you reach in and you pull out money and the money goes completely out of education.

The interesting thing is that when we travelled around Ontario — this is so divisive — there were boards that were biting the heels of other boards and saying, "If we have to pay some kind of statement to the government or accept a reduction in our grants, then those other boards should too," failing to realize that what they're really saying is, "Because we got hit, these other boards should get hit too." They thought somehow they would lose if the other boards didn't make their payments, which of course is not the case. It's everybody has to fulfil Ernie's requirement of \$400 million this year, and of course \$800 million plus next year.

I point that out because I'm sure, Minister, you would want me to do so. I know you would want me to complete your argument and fill out the completion on this.

When you talk about the commitment the government has made, I won't dwell on this because you refer to doing what you said you would do. Again, yes, you're doing what you said you would do when you said, "We will provide and reintroduce junior kindergarten as a local option," but I don't recall in the literature, and I read it carefully, where it said, "Not only that, we will reduce the funding by 50%."

1610

When you put those two together, the local option, for some boards, as you well know — and all members of all parties will know this because they will have this experience in their riding depending on the nature of their board — is that some boards can afford it and some can't and therein lies the accessibility to — in my mind, the most powerful testimony that I heard in those hearings was the significance of the early years, of early childhood education and the impact this has and how this can set the course for a youngster and help develop the positive attitudes and some basic skills and some basic perceptions and responses to the classroom and the educational system that are absolutely crucial, and life-long learning hopefully as a basis for moving ahead, and certainly impacts that are life-long. Some of the longitudinal studies that were alluded to and referred to in those hearings time and again demonstrated that fact.

Of course, the minister is reviewing this or has a study under way or research or whatever it is on the real strength of junior kindergarten, and one of these days I will be delighted to see the results of such an area.

I said I wouldn't take long. You see how easy it is to kind of get into doing a critique. When you talk about protecting the classroom spending, it seems to me that it would be fair to say you've redefined what a classroom is because you took off a very important piece at both ends and said, "Well, now that's the classroom."

It's a very clever tool; I must admit, you have some very clever communicators in your office and in your government who will say, "Well look, rather than be vulnerable, what we'll do is provide a redefinition of what a classroom is and then we can continue to say we're not affecting the classroom."

Of course, the junior kindergartens that I saw, and I visited a number, were in the classroom.

**Mr Wildman:** I noticed that.

**Mr Patten:** Did you notice that? I noticed that they were actually in a classroom and when I visited the adult education centre in Ottawa, and I visited more than that one adult education centre, they were in classrooms and they had computers and they had domestic arts and they had all kinds of things that were going on. Some may say some of those were only laboratories — maybe that's a fine point — but it seems to me they were learning in a school and many of these were classrooms.

When you drop those and say, "See, there's no impact on the classroom" — how can you say that when literally tens of thousands of people — and in the face of the testimony and the research for junior kindergarten and the testimony that we had for adult education, which I won't elaborate on right now, the evidence does not warrant the decision, especially the rationale that the ministry or the minister is giving as to why adult education can just be disbanded and adults can simply take random continuing education courses. The evidence does not warrant that; it's absolutely, totally overwhelmingly convincing.

I'm sure the ministry staff and officials will know the importance of junior kindergarten. When almost every major industrial nation is moving towards increasing an earlier and earlier opportunity for youngsters, we're moving the other way. I feel I must point that out.

In terms of spending controls — it says spending controls. You know, Minister, I had the pleasure — and I was sorry that you weren't there that evening — to be in your riding one evening and I met some fascinating people; you have some wonderful residents and constituents. We had a chair there for you, but unfortunately, you were preoccupied.

They were very concerned about this freeze on new construction of schools because, as you know, the Peel county board is under incredible pressure for new schools. I think it was something in the neighbourhood of 27 new schools that they needed and, of course, they weren't to the point where if you look at the impact of that on classroom because the pressure — even the little school that I was in, I think it was Middlebury school, a beautiful little elementary school, quite different from when I was in kindergarten, started off with 280 students three or four years ago. Then it was up to 500 and now



they're facing something in the neighbourhood of 700 kids in that school.

That board would be very pleased to tell you — I'm sure they have already communicated the impact of this, but that has a tremendous impact on that whole system. The trustees and the parents and some teachers we spoke to were saying, "Listen, there will be increases in our classroom size and there will be more pressure on our arrangements and there will be, obviously, less of a conducive physical environment for our kids."

Minister, those constituents of yours were none too happy with the pressure of that. I know you say there's no impact on the classroom. There's tremendous impact on the classroom.

I said I'd be short, so I'm just going to make two other comments and pass it along.

You didn't mention the equalization payments in Bill 34. Of course, those are the payments in the bill that — how can I word this? — enable school boards that are in a negative grant position to make — and there was an amendment — no longer to the treasury or to the Ministry of Finance but now to the Ministry of Education and Training.

While it's a move at least in the right direction in terms of those resources being addressed to the Ministry of Education and Training, there are questions related to concerns that taxpayers have. I will save the questions until later, but I want to flag the concern that just because it says, "These payments will now be made to the Ministry of Education" does not necessarily satisfy the worries and the concerns of taxpayers.

In terms of the secondary school reform, you refer to two very short paragraphs. I know that when we asked you about the draft that was distributed prematurely, presumably, you said, "This is just a draft and it's not our commitment at this particular stage." But in here you identify areas of cooperative education, work experience programs, which I'm sure most people will agree with, but in terms of the draft report that had come out, the extent to which these programs would be implemented, especially when you look at it being implemented across the board in northern small communities, it's extremely difficult. These are programs that you can't just say, "All right, company, pull up at the table and we'll send our kids over to you." It doesn't work that way, as you know.

The College of Teachers: That legislation has received third reading and I would like to reiterate why our caucus didn't support it. One was because we still feel that the classroom teacher is not in the majority. No matter how you cut it, they're not in the majority and it sends a poor message to classroom teachers that, "We don't trust you," and I think that's unfortunate.

The second part was, and I think this is kind of a sad thing, that there was an opportunity with the College of Teachers to show some respect to our aboriginal brothers and sisters who had to come, cap in hand, to the province for certification because the federal government — although the federal government pays for the schools on reserves and they're not even part of the provincial system — requires that teachers in aboriginal schools be certified by the provinces.

Here we have once again our first peoples being left out. I truly marvel at their patience in coming before

committees time and time again and making the same pitch. I can't believe how calmly we can make decisions that essentially say, "No, we will not respect the differences," because, as you well know, their system of education is totally different from the majority culture and the majority process.

**1620**

We had a chance to show some respect there and we didn't and in, my opinion, the numerous groups and leaders and people who are working in aboriginal education today felt that they got a smack in the face. I feel somewhat ashamed about that. I think some of the members did too. We're too rigid, you know. We don't show flexibility. Somehow we get all caught up with our regulations and lawyers and all sorts of ways of doing things and it's one size fits all. We don't demonstrate. The government is anaemic, it's endemic to government, not having flexibility, not showing that you can trust. You've got to build in every single factor so somebody can't move, when we look at legislation and somehow we have to get beyond that.

I'm going to stop there because I said I would be short. I have some other comments to make, but I'll save them by way of my period for questions.

**The Chair:** Thank you very much. I wouldn't like to see when you really get along then. The member of the third party, 30 minutes.

**Mr Wildman:** I won't go through a long leadoff. After all, we did have a discussion of last year's estimates last fall, although the discussion was really about this year's. I won't reiterate comments I made at that time.

I want to deal with some things that have been happening as a result of the changes the government has brought forward in the interim and point out some concerns I have. Hopefully we will have time to discuss them and debate them, as we go through the line-by-line items in the estimates.

As the minister indicated, the \$400-million cut to public education means on an annualized basis \$800 million to \$1 billion to be taken out of the education system all at once. In his comments he went through a discussion of how this is possible and at the same time, how it is possible that the government will maintain the commitment that the Conservative Party made in the election campaign, that classroom education would be exempt from cuts.

The minister pointed out that the task force led by Mr Sweeney in its final report said that 47% or \$6.7 billion are spent "outside the classroom." As my colleague from Ottawa Centre indicated, this is a neat little attempt to redefine the argument after the discussion is over and to say, "Okay, we've maintained our commitment simply because we have redefined what is a classroom."

If you include in out-of-classroom expenditures things like adult education, teacher preparation, the salaries for all vice-principals, principals, special education teachers, assistants and so on, sure, you can come up with a number. Whether it really has anything to do with education and pedagogy is another question.

The fact is that we all recognize, whether the minister and his colleagues want to admit it, that it is impossible to take as much as \$1 billion out of education in one year

and not adversely affect classroom education, the students. It's just impossible. We have the arguments that have been raised, both in the House and outside, by the minister, but even more so by some of his colleagues in the Conservative Party, that if there are adverse effects on classroom education, it's not the provincial government's fault, it's really the boards' fault; that the boards just aren't with the program, they don't get it somehow and they aren't cutting properly; that they're just being irresponsible and harming kids.

I'm not sure many trustees would support that view, but what we're seeing is that school boards, in order to prevent adverse effects in the classroom, are increasing taxes. We have seen tax increases by many, many boards in the province, and I'd just quickly like to review:

Aitkohan; Brant; Bruce; Carleton; Dryden; Durham; East Parry Sound; East York; Elgin, a 5% increase; Essex; Etobicoke; Fort Frances-Rainy River; Frontenac; Geraldton; Grey, 4.8%; Haldimand, 3.5%; Haliburton; Halton; Hamilton, 3.16%; Hastings; Hornepayne, 10.3% increase; Kenora; Kent; Kirkland Lake; Lambton; Lanark, Leeds and Grenville; Lennox and Addington; Lincoln; London; Manitoulin, 5.75%; Michipicoten; Middlesex; Moosonee, 5%; Moose Factory, 5%; Muskoka; Niagara South; Norfolk; North York; Northumberland-Clarington; Oxford; Peel; Perth, 3.97%; Peterborough; Prescott-Russell, Prince Edward; Red Lake; Renfrew; Sault Ste Marie, 4.3%; Scarborough; Sudbury, 5.6%; Timiskaming, 4.23%; Toronto; Victoria; Waterloo; Wellington; Wentworth; West Parry Sound; Windsor; the city of York; and York Region — all tax increases.

Those are just the public boards. I haven't dealt with the separate boards that have increased mill rates. Sixty-four public boards have reported mill rate increases for 1996. I don't see how we can get around the fact that these mill rate increases are directly related to the 16% cut in general legislative grants by the provincial government. We've seen, as I said, some significant increases. The mill rate increases have ranged from less than 1% to as much as over 10%. The average mill rate increase, which doesn't include some others that may be considering rate increases — the Huron, Espanola and North Shore boards — is a little over 2%.

It is true that there are 12 school boards which have reported no increase in their mill rate, but we see over 60 boards — as many as 64 public boards — that have seen mill rate increases, and, as I said, I haven't dealt with the separate school board.

1630

On page 5 of the Common Sense Revolution document it says, under the heading "Only One Taxpayer," "Historically, municipalities have responded to provincial funding limits by simply increasing local property taxes." This is talking about municipalities, but I'm sure the authors of this historic document would have included boards of education in that as well.

It goes on to say, "There may be numerous levels of government in this province, but there is only one level of taxpayer — you." Then it says in bold print, "We" — meaning the Conservative Party if it won government, and as it has, then, the government — "will work closely with municipalities to ensure that any actions we take will not result in increases to local property taxes."

I would like to know what the Ministry of Education and Training is doing to ensure that the actions the government has taken in cutting the general legislative grants are not resulting in any property tax increases.

I read this carefully. It didn't say in here, "We will do our best" or "We hope our actions will not result in increases to local property taxes." It didn't say that. It said, "We will work closely...to ensure that any actions we take will not result in increases to local property taxes."

I'm sure the authors of this document knew the tools the provincial government has to ensure that locally elected authorities would not exercise their right to raise taxes, so I'd like to know how you're doing it. I'm sure that when this was authored, the people who wrote it wanted to make certain they would not be in any way misleading the one taxpayer in the province. I know that no one would want, in an election, to try and mislead the public.

I find this statement which I just read out of this document most interesting when one considers the experience of the isolate boards. For those of you from southern Ontario who do not know what an isolate board is, I perhaps should indicate that an isolate board is a board of education in a very, very small, isolated northern community that only has one school within its jurisdiction. That's the definition of an isolate board. I've never quite understood why it's called an isolate board instead of an isolated board, but that's what it's called.

These isolate boards, because of the fact that they are in such very small communities a long way from any other board, with very few resources in most cases, get a very high percentage of their budget from the provincial government. They also get a great deal of assistance from the provincial government in terms of supervision, curriculum development, professional development, all those kinds of things, from the regional offices of the Ministry of Education, for as long I guess as those offices continue to exist, and that may not be for long.

These boards are under a great deal of influence from the Ministry of Education and Training, and most of them really appreciate the assistance they get from the ministry because they have a difficult time providing the opportunity for good education for the students who attend their schools.

I know the minister in his remarks repeated the fact that the provincial government, the Conservative Party, had committed to make junior kindergarten optional for boards. We've had the argument over whether making it an option and denying the money at the same time really makes it an option. I won't go into that again, but what I'm finding that is most disturbing is what has happened with regard to the isolate boards. Some of those boards, through very serious consideration of their budgets, came to the conclusion that they might be able to continue junior kindergarten, that they might exercise the option to maintain junior kindergarten for their students without a tax increase. I suppose some would argue that the reason some of these boards might be able to do that is because they get so much assistance already in grants from the provincial government.

Anyway, they exercise their option; they decide to maintain junior kindergarten for their students. Then they



receive a directive from the ministry saying — I've got a letter here from the Connell and Ponsford district board in northwestern Ontario. It's written to the minister. It says:

"The...board would like you to reconsider the 5% local education tax increase regarding the junior kindergarten program in isolate school boards.

"The Ministry of Education and Training has imposed a 5% local education tax increase to the taxpayers of our community if this board decides to offer a junior kindergarten program. We would like you, Mr Minister, to reconsider your decision."

It goes on and says, "We would like to ask you to listen to our concerns and provide us with the freedom of offering the junior kindergarten program within the means of our budgets."

I don't understand this. You said it was an option. A board exercises the option and then the ministry comes in with a hammer and says, "If you're going to exercise the option, you have to increase taxes," even if they don't need to increase taxes in order to provide the option. It looks to me like what the ministry really wants is for boards not to provide junior kindergarten. It looks to me like you're telling this board, "We don't want you to provide junior kindergarten, and if you insist on it, you're going to have to charge your local taxpayers for it." I'd like an explanation.

In terms of other boards in the province, we've seen 26 boards cancel junior kindergarten programs. I understand the Windsor board has just recently reinstated the program, so that leaves 25 boards that have cancelled it: Brant, Carleton, Dufferin, Durham, Grey, Haldimand, Haliburton, Halton, Hastings, Hornepayne — again, these are just public boards I'm referring to here — Kenora, Lincoln, Middlesex, Niagara South, Norfolk, Oxford, Peel, Perth, Prince Edward, Simcoe, Victoria, Waterloo, Wellington, Wentworth, York Region.

We've seen the exercise of the option with those boards. It means that the advantages of early childhood education as was provided through the junior kindergarten program in the past are lost for the students in those boards. Again, this doesn't include the separate boards. I'm sorry; I don't have the full list of the separate boards that have exercised that option, if you want to call it an option.

In order to deal with the funding cut, it is true that the minister decided, in consultation with the boards, that one way to alleviate the problem was to include a freeze or a moratorium on capital expenditures which could be counted towards savings. This has helped some boards manage through a very difficult situation, but it also has meant very serious problems in other boards. I'm not quite certain how this is supposed to work. Just to give you an example of a situation where a separate school board, the Simcoe County Roman Catholic Separate School Board, had made a decision that it was going to expand a school to build a gymnasium, the school was without a gymnasium and it was going to build a gymnasium, and also a library and two classrooms for this school. The school is called Our Lady of Grace school. The school is next door to the parish church.

The decision was made to proceed with this and they got approval to proceed, a \$1.3-million expansion. The approval was given under the previous government after a lot of lobbying by the parents in the community who wanted to get these facilities expanded. So they went ahead; they had approval. There wasn't room on the property to put the expanded building on the property without removing the church, so this parish decided that it would in fact tear down the church to make room for the expansion of the school. They proceeded on the basis that they had approval. They tore down their parish church.

#### 1640

Then this government comes in with a moratorium and tells them that even though they had approval, they couldn't proceed. So we have this parish now left with no church and no expanded school, just a hole in the ground and a hole in their parish. They have no indication from this government that it is going to take into account that they were acting in good faith. I suppose that word might be used in both senses of the word.

I really think it's important that the government, in making its decisions, take into account the local circumstances and consider very seriously what it has done to this parish community. It's just one example. I could point to others, but I won't, because of my commitment not to take a lot of time.

I want to know where the government is at with regard to charter schools. We've heard a lot of discussion about that and I really think that it needs to be clarified. Are we going to see, essentially, the development of private schools at public expense in this province?

In regard to testing, I must reiterate that I'm happy that the Education Quality and Accountability Office legislation has been passed, but I'm disappointed that the government is only going to have sample testing in mathematics and science in grades 6 and 9. Testing in grade 3 and then testing in grade 11, with only sample testing in between, leaves an awfully long gap in a group of students' progress. We may find at testing grade 11 there have been difficulties in meeting our mandates, and yet we might have been able to find that if we'd had a more extensive testing program in the grades 6 and 9 levels.

Before I get to the post-secondary white paper, I want to talk about the proposed changes as reiterated in the minister's comments about secondary school reform, where he says: "We are working with our education partners to develop reform of our secondary school program. Members of the external advisory group have been very important to the progress that we've made." I'd like to get some idea of what progress has been made and what kind of partnerships you've been involved in. I understand that after initial significant opposition, the OSSTF approached the ministry with an offer to work with the ministry in developing a curriculum for credits related to the workplace and their offer was rebuffed by the ministry. The ministry said, "Thanks but no thanks."

I really don't understand why that would be the case when a professional group, people who are directly involved in educating secondary school students, offers to participate in the development of a curriculum. Why on

earth would the ministry not accept? I would think you would welcome that rather than outright opposition, which was the initial reaction, I think, from OSSTF.

You make a commitment to the development of a province-wide curriculum for all students which will be consistent with quality and relevance. Here is an offer by a group that knows something about education and about teaching kids and about curriculum development, and I'm sorry that, for some reason, the government has chosen not to accept the offer.

In terms of post-secondary school education, the white paper, for six months we've been told it's coming. Where is it?

**Hon Mr Snobelen:** Soon, very soon.

**Mr Wildman:** Soon. Well, we've seen many iterations of this. I think I have here number 18 or 19 and I think it may have gotten to as high as 21 or 22 now.

*Interjection.*

**Mr Wildman:** If I leaked it, somebody must have leaked it to me. I'd really like to know where it's at.

I want to say that if you're going to have a proper consultation about the future of post-secondary education, you want to involve as many people as possible. I understand you're having some trouble coming up with a panel that might conduct this consultation. I'm not sure whether Bill Davis is available or wants to be involved. I wonder where it's at.

I hope that when you do have a consultation, it is full and it does come soon. I hope the consultation is not going to be just in July and August when most of the post-secondary students in the province are otherwise occupied. I hope it'll be next fall and that it'll be full and —

**Mr Tony Clement (Brampton South):** You see, he wants us to speed up.

**Mr Wildman:** No. I want the paper released now. I want the consultation in the fall when people can be involved.

I also understand from the iterations I've seen of this paper that there's almost none, if any, discussion of research and the role of research in the post-secondary education system. I'm told that research is a big enough subject that it could be a whole consultation on its own and the funding for research and the role of the province, as well as the federal government, in the funding of research, but I don't see how you can have a discussion on post-secondary education in the province without discussing research and the role of it in the university system.

I hope that we also can get some idea of where we're at with the proposal of Bette Stephenson and others for a private university in Ontario. I would hope that we're not going to see the development of a two-tiered system as we have in the United States. Already the suggestions for deregulating tuition fees could be leading us in that direction and I would regret it very much.

Taking over \$400 million out of the post-secondary system in one year has had a devastating effect. It seems to me that your discussion paper, as I've seen it, is already paving the way for private university institutions. In this way, we would be ensuring that the wealthiest in the province would have a much greater opportunity than

others. This is a question of access and equality of opportunity and it is my view private universities will be ensuring one level of education for the wealthy and another for those less well off.

**1650**

In terms of increases to tuition fees and the income-contingent plan, I don't understand how you can continue to talk about the income-contingent plan as a way of helping students to have access because of the tuition increases when you know that it'll be at least two years before we have an income-contingent plan, if you're dependent on negotiating one with the federal government. What happens in the interim to those students who are going to have to pay the higher tuition? Is the government considering going it alone on income contingency, keeping in mind that even with an income contingency plan, all you're doing is increasing the debt of students and extending over a longer period of time their payback? But I'd like to know whether you're prepared to move to do this.

Also, I want to say in passing, I sincerely regret the decision of the government to say to students who are eligible for OSAP that if they have been up to now collecting social assistance, they won't be eligible for social assistance. This is to say to very low-income people, people this government and all of us — but particularly this government — want to get the skills in order to be able to compete and to provide for themselves and be productive, "Forget it," because the vast majority of them will not go for a debt situation when they have almost no income already.

**The Acting Chair (Mr Jim Brown):** Mr Wildman, I think your time is up.

**Mr Wildman:** I just was about to finish, Mr Chair, and to say that my concern on the college system is that we're facing significant chaos in that area and the universities will also face it if they see another year of cuts, as they have this year. I'm looking forward to the discussion of the estimates and I would hope that we will get into these issues a little more deeply and get some answers from the provincial government.

**The Acting Chair:** We can have a reply from the minister, 30 minutes.

**Hon Mr Snobelen:** I understand that we're allowed 30 minutes for reply, but I won't take that length of time. Like my colleague from Ottawa Centre, I'm not long-winded at this sort of thing, and nowhere near as eloquent as my colleague from Algoma. I also understand that some members might make good use of a short recess, and I am one of those members, so I'll keep my remarks short.

The member for Algoma makes some interesting points. I will not address all of them. I do hope that they come up in the course of our conversation and the questions over the next few days. There is some comment, of course, about the Sweeney commission and what was included in out-of-classroom expenditures. This is obviously a very delicate issue, but different people come up with different areas.

I know the commission was established by the member's government, the previous government, and while the findings may be controversial, there is no



question from the basis of that and other studies that there are areas where savings can be found in our school system outside of the classroom. I think that's obvious to all the observers who've looked at the system.

In terms of the GLGs and the effect on isolate boards, the method of funding isolate boards, which I'm sure my colleague will know is a very exasperating process, going through how different boards are funded, particularly isolate boards, if the question comes up as we go through this process, I believe staff will be more than happy to go through the minutiae of how those boards are funded. But I think that everyone in this room knows that a significant amount of the cost of education in isolate boards is contributed by the province. Because they don't have a very large tax base, for the most part, those boards do not surcharge the minimum rate that is prescribed by the province because there's little point in doing so because it provides such little revenue, relatively speaking.

One of the problems we have with the GLG is it does not provide equity in terms of student opportunity, nor equity in terms of the amount of effort that's required by the community to provide education for students. This government is committed to changing that funding system. We are not happy with it. When my colleague points to the inadequacies of the GLGs, I can only say that I agree that the GLG system does not allow us as a government, nor has it allowed previous governments, to express what we believe would be a fair and equitable system of education in the province, and we will change it.

The point is well taken that there are communities — I think the parish used in the example that has been looking forward to building a new school — the member for Ottawa Centre was kind enough to come out to my riding and help some folks along with that process of examining the capital projects.

The member for Algoma has pointed out that good faith — well, let me see if I can add or shed at least a little light on this subject of capital, because I also am not pleased with the way capital projects have been completed in the province and I too regret the necessity of a moratorium. However, I believe it allows us an opportunity to change how we do capital, and that's the most important part of this transition.

The situation the member for Ottawa Centre found in my riding didn't happen last year. The undercapitalized system didn't occur in the last 11 months. There have been schools begging to be built in that area for a decade or longer, as there are in other fast-growing areas of Ontario. There are schools that have needed major renovations in Ontario that have needed them over the last decade.

What is the answer to that? Is it to announce capital projects when there is no funding available? What's the definition of "good faith" that falls under?

I look forward to questions on the capital side and what we might do on the capital side, and particularly on the history of funding of school construction in this province over, say, the last decade, because I believe that anyone who examines our record of announcements of the provision of capital for school building will find that we dramatically need to change the way we build schools

and how we fund schools. That's what this government's committed to doing and I look forward to questions in that area.

I note — I will be brief, Mr Chair, because the need for the recess grows as I talk — that the member for Ottawa Centre pointed out that it had been some time since he left kindergarten and some things have changed in that decade or perhaps just a tad longer since that happened and he's made some interesting points in his remarks.

The junior kindergarten issue I hope is one we get a chance to discuss a little further as we go through this process because I think it's part of a commitment that we've made to the people of Ontario and that we've fulfilled on.

I note with some interest that as of a week or so ago the boards that were prepared to offer junior kindergarten with the kind of funding we provide for other programs were 119; the boards that had chosen not to were 28 by the last count I have. A significant number of boards have decided, in consultation, I suspect, with their community, that the offering of junior kindergarten was something they wanted to do next year; again, a vast majority of the boards that have reported, at least the last time we tracked it.

The College of Teachers: I was disappointed personally that we couldn't get all-party support. I understand the rationale, I think. I don't necessarily agree with it and I'm sure you're not surprised by that. The member for Ottawa Centre has suggested that the message to teachers is, "We don't trust you." I believe the message of the College of Teachers to teachers is, "You hold a public trust." I believe that's a message that's made very clear by the College of Teachers and I believe it's a trust that most teachers across the province understand and appreciate and can support.

The whole issue of affordability: The member for Ottawa Centre rapped that in some way, and I hope he didn't hurt anything doing it, into returning tax dollars to the public. I first of all don't find returning tax dollars to their owners all that awful a situation. However, that's not the driving point in a more affordable system. In my view, the driving for more affordability in the school system is driven by providing value for taxpayers, value for tax dollars. That means doing more with less. I believe that by any measure, the people of Ontario are not getting as big a bang for their education dollar as people in other jurisdictions are, and there is simply no excuse for that. I believe value is not simply cost, but it's cost over quality, and the only quality measure that matters in the school system is student achievement.

It is unfortunate and regrettable that we do not do a better job of tracking student achievement so that we might be able to provide the taxpayers some sense of value, the value they are achieving for their tax dollars in education. While others may disagree with me, I do not think a government can responsibly tax people, collect taxes, spend them in the name of education without being able to be held to account for student achievement, and that is currently the situation. We are looking for affordability in the system so as to provide a better value to the

taxpayers of Ontario, and that's something I look forward to discussing more fulsomely as this session carries on.

Mr Chair, that will complete my remarks.

**The Acting Chair:** Thankfully, we can have a recess. *The committee recessed from 1703 to 1711.*

**The Chair:** Now we reach the rotation part of this committee. Could I get agreement for 15-minute rotations? Agreed.

We'll start with the opposition, Mr Patten.

**Mr Patten:** Fifteen minutes goes by very quickly, as I noticed listening to my friend from Algoma, so I will proceed rapidly. My first question, Minister, is something we asked you in the House. I guess estimates is kind of like the committee of second chance. You ask a question in the House and you don't really get a full answer, but you do get a second chance at committee. I need to ask you the question, which is, you will recall the ministry's poll that your ministry conducted on the attitudes towards teachers, and you had said you would be sharing that poll with the House and it would be tabled. I'm wondering the status of that and whether that is something you have with you today that you would like to share with us.

**Hon Mr Snobelen:** I don't believe I brought it with me, but it will be something we do intend to table. I don't know the timing of that release. I'll make an inquiry for you and let you know that.

**Mr Patten:** Okay, good. I'd be pleased to know before we finish estimates.

**Hon Mr Snobelen:** Sure.

**Mr Patten:** You made the GLGs known and then there was a corollary for certain boards that had been hit particularly hard by the cuts, and to remedy that you brought in a program to minimize the cuts to the cuts, which cost the ministry \$14 million. Where is the ministry going to find \$14 million?

**Hon Mr Snobelen:** I'll ask one of our staff. I believe Peter would probably be the appropriate — is Peter in the room? Perhaps Drew might do that. Just before Drew gives you a response to that, as has been pointed out many times before, the average effect of reduction that we were talking about on the operating side in our education system is less than 1.8%. However, as I'm sure you'll know, in the GLGs, when you have changes in assessment, for some of those by agreement with previous governments, the reductions in funding available to a board can be significant; most of those, just for the record, not caused by the savings we're looking for in the education system, but by the anomalies of the GLG program or by previous agreements made by previous governments.

The effect, particularly on small boards, from year to year can be large, can be burdensome. A variety of devices have been used by previous governments to mitigate those circumstances, particularly in the case of small boards, so this is nothing unusual and again points to the need for change in the way we do funding of education in the province. But I'll ask Drew to respond more directly.

**Mr Drew Nameth:** My name is Drew Nameth. I'm the director of capital and operating grants, administration branch, in the Ministry of Education and Training.

With respect to the question where the funds will come from to provide additional assistance for small boards, those funds will come from the general legislative grant allocation. The members will understand that at the beginning of the year when the GLG regulations are determined, they're based on preliminary figures shared by boards. The parameters are determined based on those preliminary estimates. In the past number of years there has been a small surplus in the GLG at the end of the year. It varies from year to year, but those funds, the expenditures —

**Mr Patten:** Can you carry those over from year to year?

**Mr Nameth:** No.

**Mr Patten:** So given your estimate from last year, it's still within the global figure. Is that what you're saying?

**Mr Nameth:** Yes.

**Mr Patten:** You can still manage it?

**Mr Nameth:** Yes.

**Mr Patten:** Thank you.

Minister, I'd like to ask you about special education. Your colleagues who were on that committee that toured the province heard several times — more than several; numerous times — not only the impact on junior kindergarten and adult education but on special education, where I believe there are now 18 boards, and other boards are in the midst of consideration of having to cut severely and in some cases drop totally the special education program they have at the moment. Some are pulling their hair out to wonder what they're going to do and whether they'll have to transfer children to another board that can afford it or will be affording it or what the problem is. But there are 18 boards that have cut their special education programming, so there's a third area of the classroom that is severely affected.

We had some very passionate testimony by some parents who came in and provided very, very vivid witness to what they were facing, so I wonder what your response is to the impact on special education.

**Hon Mr Snobelen:** First of all, I was pleased that we were able to announce just recently that our government is investing an additional \$10 million this year and going to \$20 million annually in future years to enhance our capacity to treat young children with speech and language disorders before they enter school. I think we've shown a commitment to the young people who require special assistance and our special-needs children in that announcement and other announcements.

As you know, the boards are responsible for providing education to those who have special needs. Again, the savings that we're looking for in our system are less than 2% on the operating side. I do not believe and I have not seen any evidence for a need to withdraw or change services for special education of children in meeting those savings targets. There is no necessity to do that, and in fact many boards, I would suspect the majority of boards, would not consider it.

I do believe, however, it points out once again that our funding models that have been developed over the last few years in the province, over certainly the last decade and perhaps a little longer, do not meet the needs and do not allow the province to directly meet the needs of the



most needy children in the province. So when we look at and when we examine changing the funding system, I frankly and candidly think the funding system should have been changed many years ago. I do not think we should have tolerated for this long a funding system that would allow special education children to be held to ransom.

I believe we should have a funding system that provides for the same opportunity as much as is possible for all students in the province, and that is what this government has taken on and is doing now. There is absolutely no reason for special education to suffer by any action of this government.

1720

**Mr Patten:** If you find that is suffering — one question is, how will you know whether it is or it isn't, other than the feedback from the boards? Will you ask your ministry to do a quick random survey on the implications directly related to special ed? Because I think those kids, as you know, obviously by its definition are children with special needs. But this came by way of Bill 34 and we heard almost in every community that the prognosis was dim in terms of the programs they had, and in some cases, as I mentioned, schools were going to be dropping these programs.

You say there may be a program coming, but would you make a commitment to us, the ministry, to do a — maybe it's not every school board necessarily, but the associations or some of the boards, on the impacts especially of that?

**Hon Mr Snobelen:** I'll ask the deputy to respond because I believe we have an intention to track that.

**Mr Richard Dicerni:** Yes.

**Mr Patten:** Mr Dicerni, you're so articulate. Yes, you would? Okay, thank you. So that's good. He's changed from his federal days.

**Interjection:** And then some.

**Mr Patten:** Because I only have a little bit of time, in reference, Minister, to the isolate boards related to JK, I can see where there perhaps is a different funding mechanism and I will grant you that perhaps it's different — I don't know; I'll take your word for it — but I find it difficult to mandate a board that if they take up this program, they must charge their taxpayers even though they don't need to. I find that really weird, because the message is we're going to penalize you or we're going to fine you if you implement this program, and again I say the message is that the ministry is not committed to JK. It just isn't. We're finding ways of saving in here, and there are all kinds of ways in which you can save. One way is that a message is being sent that you're not committed to JK.

I want to ask also where you are in your study or your review, where you said if it turned out that JK was as strong a program as some might indicate, you'd be prepared to reconsider its full implementation on the basis on which it was operated before.

**Hon Mr Snobelen:** That's two in one. Well done.

As far as the isolate boards are concerned, there is a real attempt here. I don't believe the message is that this government is not committed to junior kindergarten. This government is committed to keeping its promises to the

people of Ontario that we put forward over two years ago.

There is difficulty in trying to provide an equitable funding system under the current GLGs. It's the reason our government is committed to changing that process and making sure the same effort, or about the same effort, is required in each community to provide a school program. Clearly that's difficult with isolate boards because there is a very small tax base and a very small contribution. Because of that, isolate boards tend not to charge any surcharge over the very bare floor of mill rate prescribed by the ministry. Therefore it's difficult to try to balance the effort required by the community to provide schooling between an isolate board and coterminous boards. That's the purpose in adjusting the mill rate — not, certainly, to discourage junior kindergarten, but to make sure there is some equal sense of contribution by various communities, particularly coterminous communities.

I would recognize that it's not the instrument we would like it to be. I would recognize that it's certainly awkward. The GLGs are awkward at best, and we believe this requires a fundamental change and are committed to making that change.

As far as junior kindergarten is concerned, my colleague Janet Ecker in Comsoc is reviewing right now our child support services, our support for young children in the province. I think we've had several announcements over the past few months about increasing our level of support for young people in the province and, by extension, their families. I have had several discussions with my colleague and will in the future. We have reviewed the documents and the data available to us on junior kindergarten. I certainly have reviewed the cases that you mentioned earlier which compare, or would like to compare, a Head Start program in that United States, in the middle of an urban city blight, those young people most at risk in those circumstances, compare the results of the Head Start program and try to map over on to that a junior kindergarten program in Ontario, which I would submit to you is considerably different.

What we don't have very much data on, a similar kind of long-tracking data, is the effect of junior kindergarten as it's presented in Ontario in the communities where it's represented in Ontario. So we are in the attempt of doing a review of what are the proper supports: How do we target the most at-risk children in the province of Ontario? How do we support families throughout the development of very young children? I am working along with my colleagues in Comsoc to do that.

**Mr Tony Silipo (Dovercourt):** I want to thank my colleague Mr Wildman for letting me ask a couple of questions at the beginning of our round.

I just want to say to the minister, following that last comment he made, that if he's interested in some research on junior kindergarten or kindergarten in the Ontario context, he might want to look at some of the research done in the Toronto school system going back to the 1970s and 1980s because that has existed for some time and you don't need to go elsewhere to find it. It actually has shown, in fact very clearly, the benefit of all-day kindergarten programs in inner-city schools, which I think

would be beneficial for you and your ministry to take a look at.

I wanted to ask a couple of questions, a couple of areas that I have some major concerns about and ones, quite frankly, at least in the first one that I believe the minister with a clear answer could put not just my mind at ease, but more importantly that of many people who are very concerned about potential change in this. That's with respect to the international languages program. Minister, you'll recall that I asked you a question about this back last October, at which time you indicated that the program was one that you saw as being very important to the people of the province.

I was dismayed, to say the least, to see the recommendation in the report of the Working Group on Education Finance Reform which recommended that it no longer be mandatory for boards to offer the international languages program and that the funding associated with this program of \$16.6 million be transferred to the base grant, which is the new base grant that is suggested there that obviously you are familiar with.

I guess I just wanted to hear from you very clearly your rejection of that recommendation. I gather you have made some comments publicly that have indicated that you're not particularly happy with that recommendation, but I haven't heard a clear statement from you that this program is one you want to continue to see funded at the current level under the current rules, which means that school boards are required to provide the program where there is sufficient request to provide the program, and where indeed there is sufficient request and the funding flows from the ministry — in other words, it's dedicated funding to the program — not to simply go into a large pot of money for school boards to determine how to spend it. Can you give me that assurance that in fact you are contemplating continuing the funding of that program as it currently stands?

**Hon Mr Snobelen:** I may need some clarification on this because I was a little confused in the House the other day and I want to make sure I've got this right. You're asking me if I will reject the recommendation of a working group appointed by your government in which you were a Minister of Education. Is that correct?

**Mr Silipo:** Minister, we can argue about all of that. I don't take any great comfort in who has recommended changes to this program. We can argue about who appointed who.

I'm very troubled by your answer so far because folks walked away the other day, I can tell you, thinking that in fact you did want to maintain the funding as it currently stands. I didn't hear that as clearly as I would like and I guess I'll ask you again: Are you prepared to say that the funding of the international languages program will remain as it currently stands, both in the amount of money but more importantly in terms of the rules around the program, which is that the funding will be provided and the program will continue to be obligatory for school boards to offer where there is sufficient demand by parents and that the money will not be simply folded into a base grant for boards to do what they wish?

**Hon Mr Snobelen:** First of all, I want to make the point very clearly that we have had a recommendation

from the working group. As you represented, that's certainly not an initiative of this government and it's certainly not a recommendation of this government, and to have it represented as that by people certainly would be misleading obviously, and I want to make sure that's very clear both in the minds of everyone here and in the public's mind.

1730

We were also asked by a submission by the Ontario Public School Boards' Association to do a like and similar activity to affect how we fund international language programs and to affect how they are presented in order to reduce funding, and we rejected that suggestion by the public school boards' association last year. We rejected it then. It has now been recommended by the working group on finance reform. I have said I will not respond to that on a piecemeal basis, and I won't today respond to it on a piecemeal basis.

We are committed to changing the funding system in Ontario, but I think our actions over the course of the last year indicate the importance of international languages to this government and I think the people can take comfort in the fact that we have protected those programs to date, but I will not on a piecemeal basis respond to the working group's submissions.

**Mr Silipo:** When will you then be responding to it, Minister?

**Hon Mr Snobelen:** We will obviously be responding — as we look to our funding for the years beyond next year, we will be looking at reforming the funding package and responding after consultations this fall, and we'll make our intentions clearly known to the people of Ontario. But next year, obviously, the international language programs exist and we have not made any announcements for the years beyond that.

**Mr Silipo:** I'm obviously not happy with your answer, but I'm not going to spend any more time if you're not prepared to give any more definite answer at this point.

I guess I would just add on this point, Minister, I'm sure you're aware that this program, in fact this provision that exists now, is something people have fought long and hard for in terms of ensuring that the requirement that the program be offered where there is sufficient request be there as a way to force those school boards that have over the years been reluctant, notwithstanding strong parental requests for the program. I hope that as you look at this, whatever changes you may want to make hopefully will be ones to improve the quality of the program and not to in effect allow school boards to do away with the program, which I think would be the intent of this recommendation as I see it.

On another issue, I just wanted to ask if you could give us an update on where things are at with respect to your efforts to take property tax dollars out of Metropolitan Toronto and Ottawa.

**Hon Mr Snobelen:** With the recent passage of Bill 34, we now have an ability to realize in discussions with the Metropolitan Toronto board and the Ottawa board the savings that those boards are required to make permanent under the social contract, which I believe you'll recall, and our efforts to make sure that every board and every



school system in the province of Ontario attempts to find savings outside of the classroom.

As I'm sure you'll appreciate, the school system in Ontario truly is a system. It requires the participation and cooperation of every party in it and every board in it, and so, as I'm sure your government faced in the social contract, this government will now look at the current funding system and the current system that we have and try to be equitable with it. We will be having, I hope, conversations with those two boards, and if we have an agreement that's reached with either of those boards, we'll certainly make that public. We have not reached an agreement at this point.

**Mr Wildman:** I would like to turn to the question I raised earlier about the development of a curriculum for the new work experience credits and to ask if the minister could respond to my comment that I understand the federation representing secondary school teachers in the public school system in Ontario has offered to assist in the development of the curriculum and the ministry has said, "No thanks." Is this correct or not? If it is, why?

**Hon Mr Snobelen:** I'd like to ask the deputy to address that question but first I will make a quick comment. We obviously would like and want the participation of everyone involved when we make major curriculum changes, major changes as into a four-year program respecting, of course, the findings of two royal commissions, taking Ontario into a four-year, post-grade 8 program, much like every other province in Canada. I want to make sure we have the input of teachers, I want to make sure we have the input of other people involved in the education community, but I also want, and I know my colleagues want, to make sure that we have the input of students and parents so that we don't have the input of just one segment in making these changes. We're actually listening to what's wanted by parents and needed by students. And with that, I'll turn it over to the deputy.

**Mr Dicerni:** In terms of the OSSTF: Firstly, they do sit on the advisory committee and we welcome their contribution at that place. Secondly, I have met with them separately and sought their contribution. Thirdly, we recently met with all the general secretaries of the OTF and, again, invited them to participate and if they have input we would welcome that, but they do have a full-fledged seat at the advisory committee table and we continue to value their contribution.

**Mr Wildman:** Then I would suggest you contact Malcolm Buchanan because his president, Earl Manners, told me at a function we happened to see each other at on the weekend, that he was very interested in having their curriculum development people participate in the development of this curriculum directly, not just in an advisory capacity but actually to sit down and work on the curriculum with the ministry.

**Mr Dicerni:** I believe I had the opportunity of meeting with Mr Buchanan less than two weeks ago and perhaps word hasn't gotten back to President Manners yet.

**Mr Wildman:** Mr Buchanan was also at the same function. Having said that, I'd like to, if possible, go to the issue of if — how much time do I have left here?

**The Chair:** You've got about three minutes.

**Mr Wildman:** Okay, fine. Then I'll just quickly go to the issue of post-secondary. The information I have is that 1996-1997 funding for universities, the nine-province average per capita is \$191; Ontario per capita is \$130. Considering that we are 40% of the economy of this country in this province and are, in comparison to, say, the maritime provinces, Atlantic Canada, Saskatchewan, Manitoba, very well-off, how is it we are so far behind the average, the average per capita expenditure for universities in Canada?

**Hon Mr Snobelen:** I won't make a direct comment on your numbers.

**Mr Wildman:** I want to point out to the Minister, these are not my numbers, they are the numbers of the Council of Ontario Universities.

**Hon Mr Snobelen:** I'm sorry. I'll correct that then, the numbers that you have presented. They take a measurement of a percentage of the funding of universities against a population number which I'm not so sure is the relevant statistic. I believe our universities and colleges represent a value to the taxpayers of the province. I think we have to have more fulsome discussions on the share of education costs borne by students and that's part of the intention in our discussion paper.

1740

Let's look at the baseline, if you will, on the costs in the system to the users. You've looked at the taxpayer costs to the students. Tuition next year will be about the average charged by similar institutions across Canada. There are some provinces which offer less, some offer more. Our student assistance package in Ontario and the contribution of the government to that student assistance package in Ontario will be senior, I believe, to every other province.

We have students who have access to a superior assistance program, pay tuition that's about the average of tuition paid across all the other institutions and other provinces to enter, I think, what are higher quality institutions and higher quality programs and so, that's, to me, the relevant stats on education. It's more accessible in the province of Ontario. It's at least the same quality and I would argue better quality than it is in other provinces and our students pay about the average tuition. By those measures I think we've got a very good value for both students and taxpayers in Ontario.

**Mr Wildman:** I guess I'm talking about the other end of the high quality institutions and programs that the minister is referring to. If you look at the averages in terms of full-time equivalents, the nine-province average is \$7,362. The Ontario dollars FTE is \$5,511, almost \$2,000 less than the average, not the top but the average. If we are indeed going to maintain our high quality system in comparison to, say, the Nova Scotia system, where you have a very high quality of post-secondary education as well — it would seem to me very odd that Ontario, in terms of numbers of students, is spending almost \$2,000 less than the average.

**The Chair:** Thank you, Mr Wildman. Your time is up. Mr Wettlaufer, you've waited patiently.

**Mr Wayne Wettlaufer (Kitchener):** Minister, we hear constantly, certainly in our constituencies and also from the opposition parties, complaints about the cuts in

spending on education. I have a niece who moved to Alberta last year. I believe, although I stand to be corrected, that Alberta's cost per student is lower than Ontario's. They have four years of high school. She went into grade 12 in education and she did not have anywhere near the minimum required for grade 12 in chemistry and math. She needed to obtain the services of a tutor to bring her education up to what was necessary out there in order for her to complete grade 12. We hear often that Ontario and some other jurisdictions don't have any measurable standards of excellence. As a former businessman, I know I had all kinds of problems in training people who came out of high school to do the job. They did not have the minimum required to do the job. Are we going to be developing any measurable standards of excellence?

**Hon Mr Snobelen:** You point to, I think, one of the key dilemmas in delivering real value to both parents, taxpayers, and students in the province. We also talked — I believe it's necessary to have standards of achievement in order to do two things: One, measure value, because if you can't measure on a consistent basis student achievement, how do you know whether you're achieving what your goals are and how do you know if you're doing that affordably? Equally and more important perhaps, without standards of student achievement, the accreditation of a high school diploma can mean a number of different things. A high school diploma issued in one area under one board system may in fact have quite a different student achievement than in some other area. That's not acceptable, in my view, to the parents of Ontario, nor to the taxpayers of Ontario; nor should our students accept it.

We've provided at least a first step with EQAO which allows us to have an independent audit of student achievement. I believe that's an important first step, but it's only a first step. As we move to a more common curriculum in our four-year secondary school program, I believe it's necessary for us to make sure that student achievement and student assessment is a key and critical part of that curriculum.

Again I believe that we have to be able to represent to students and to parents that a high school diploma in every jurisdiction in the province means the same; it means the same level of accomplishment. That's necessary obviously for employers. It's also necessary to give students reasonable feedback and so we are taking steps in that direction.

As I said earlier, and I want to reiterate this, the only quality measure that's of any consequence in our school system is student achievement, and we do not currently do a good job of measuring it. We cannot right now tell what the level of competency is of students across Ontario in grade 8, let alone comparing it with student achievement in other jurisdictions. So it makes change in the system very difficult and it makes holding our school system as a whole to accountability very difficult. We are making those changes.

**Mr Toby Barrett (Norfolk):** We know that education expenditures in Ontario can be reduced by \$1 billion a year by reducing out-of-classroom expenditures, administration for example, and a number of school boards have

heard this message and are acting accordingly. However, I understand that some boards haven't heard this message. I'm thinking of cases where front-line teachers, education assistants have been pink-slipped. I'm thinking of those people in the classroom who help disadvantaged or learning-disabled children.

You've indicated that we should not tolerate an education funding system that would hamper programs for children with special needs. One of my questions would be, has funding designated for in-classroom special education been reduced or is the present funding system in a sense discriminating against children who have some of these disadvantages? What is the problem, that some boards are not able to accommodate them?

**Hon Mr Snobelen:** It's a good question. One of the difficulties we have with the funding system that we've inherited is that in fact the funding isn't driven by the needs of special-needs kids. It's done on a bulk basis to boards based on an assumption of the individual need.

The ministry and the province do not directly control the spending of large parts of the education dollar and so it's very difficult for the province to be held to account by the taxpayers of Ontario and the parents of Ontario for the provisions of the services that we intend children to have. That's one of the fundamental reasons why we need to change the funding mechanism.

Again, this is a very awkward funding mechanism that doesn't allow the province to do quality control in a great many ways, particularly in those areas where I think all of us want to make sure that young children who have special needs get the same possibility as other children do in our system.

We don't as a province, under our current funding mechanism, have that ability and we believe that we should have that ability in order to be held to account by the taxpayers, parents and the children of Ontario. When we review funding, we will do that. I think it's regrettable that hasn't been done in the past.

1750

**Mr Jim Brown (Scarborough West):** Minister, on tax freedom day, which I think today is, when we start working for our own selves for the rest of the year, how does the Sweeney report on who does what — how are the education finance reforms going to affect the taxpayer?

**Hon Mr Snobelen:** My sense of the taxpayers — and I'm sure everyone in this room talks to a number of taxpayers every week — but my sense of the request — I think most taxpayers, if not all, in the province of Ontario accept the fact that we must have a quality education system, that the future of the province depends on it. I think it's something, by and large, most people are very willing to contribute to.

The request of taxpayers I think is to use their money wisely, to make sure that every dollar they invest in the education system makes a difference in student achievement, and we currently can't measure student achievement very accurately and we cannot give them that assurance. By all of the independent measures we can apply to our system, we currently don't offer a premium value to taxpayers.



Who does what, our work on changing the funding model, are all driven by providing better value to taxpayers and being willing to be held to account for that, which I believe governments should. So I think the taxpayers of Ontario are going to get what they're asking for, which is better value for their tax dollar. That's the bottom line in terms of our spending in education.

The member for Algoma brought up the situation in Nova Scotia with their universities where they are now changing their university system considerably in Nova Scotia and looking at very dramatic changes, as other provinces are. The minister in Nova Scotia has said publicly that it's time to quit spending money in the name of education and start spending money on education, and a similar situation exists in most provinces where taxpayers are demanding better value, higher student achievement for a lower investment.

**Mr Frank Sheehan (Lincoln):** My favourite subject being how the thing gets administered, firstly, I understand you've got a monster job on your hands tackling the fundamental problems of the educational process, but have you had the time or do you have the resources to address some of the administrative processes that create a lot of aggravation and cause an awful lot of unnecessary expense in the educational establishment?

A couple of examples come to mind: the streamlining of the approvals programs on new courses, for example, or the funding of the courses at the college level. They have approvals processes. There's a deadline, I think it's January 15. If it's not approved by the ministry then it has to go the way it was and changes are marked as pending; or the timing of grants. It seems kind of strange: we agree to fund them but we don't give them the money so boards of education have to go and borrow money. It seems to me we're using borrowed money to pay borrowed money. Why don't we have it so only one pays the interest?

You've got a lot of occupational health and safety regulations that seem to be laid on you maybe from the Ministry of Education that perhaps could be simplified. They specify in grand detail all the things that you must be doing in the hope that your children and their teachers will be safe. Can we not come to some agreement with those people that they would set what the objectives are and then have you file a plan for attaining it? Every time you read one of these things they give you a nightmare, because who gets in to write all the prescriptions?

I guess that's enough examples. Have you had a chance, in the otherwise busy — the more important thing, I think, getting at the sum and substance, being the quality and the checking of the quality of the educational component, are you addressing these other things that seem to cause so much expense and aggravation and take educators out of the classroom to comply with what I say is dumb regulation or overly prescriptive regulation?

**Hon Mr Snobelen:** Your comments are well taken. I believe that the overregulation in the system is more a function of a lack of clarity in the roles of all of the participants. We have allowed, I believe, some change in the administration, particularly in schools, under Bill 34, but by and large there is an entanglement of intentions in the school system of the provincial responsibilities and board responsibilities. Sometimes when you have everyone being accountable, no one is, and that seems to be the circumstance in education to a large degree.

I think the answer to how we address that or the order we address that in is — my observations in that would be consistent with the observations of the Sweeney commission, which in its first recommendation said the funding system must change before the governance system can change. I believe we must change the funding system, address the governance system, make sure we're clear about who is accountable to the taxpayers, parents and students for what, and then go about the process of making sure our regulations are consistent with that so that we don't overburden people in the education system with regulation that's not necessary.

I also, and I think it's fairly well known, am a fan personally of site-based management. I think the closer to the classroom, the closer to the student that decisions are made, the better, particularly on how our curriculum is delivered. We'll be trying to design a system of governance that allows for that. It currently doesn't.

**Mr Sheehan:** A number of presentations made to us in the red tape were that somebody in education should walk through the school system and find out what it is we're trying to accomplish and then assess whether or not in fact it is being delivered.

**The Chair:** And with that note, Mr Sheehan —

**Mr Sheehan:** Just an observation.

**The Chair:** — we stand adjourned until tomorrow at 3:30 or immediately after question period.

*The committee adjourned at 1757.*





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*\*In attendance / présents*

### **Substitutions present / Membres remplaçants présents:**

Richard Patten (Ottawa Centre L) for Mr Michael A. Brown

### **Also taking part / Autre participants et participantes:**

Frank Miclash (Kenora L)  
Tony Silipo (Dovercourt ND)  
Bud Wildman (Algoma ND)

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## Legislative Assembly of Ontario

First Session, 36th Parliament

## Assemblée législative de l'Ontario

Première session, 36<sup>e</sup> législature

# Official Report of Debates (Hansard)

Wednesday 26 June 1996

# Journal des débats (Hansard)

Mercredi 26 juin 1996

Standing committee on  
estimates

Ministry of Education  
and Training



Comité permanent des  
budgets des dépenses

Ministère de l'Éducation  
et de la Formation

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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATESCOMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Wednesday 26 June 1996

Mercredi 26 juin 1996

*The committee met at 1630 in committee room 2.*

## MINISTRY OF EDUCATION AND TRAINING

**The Chair (Mr Alvin Curling):** Yesterday, we had completed the government's questions. Now we'll turn it around to the official opposition. Ms Annamarie Castrilli, you have 15 minutes.

**Ms Annamarie Castrilli (Downsview):** We're going to start with my colleague John Cleary and I'll take up the balance of the time.

**The Chair:** I stand to be corrected any time.

**Mr John C. Cleary (Cornwall):** Research done in my part of Ontario, in S-D-G and the Cornwall riding, has revealed that about 73% of the general welfare recipients are unskilled and do not have a grade 12 diploma. With the cutbacks in adult education, some programs have been eliminated and some schools catering to the adult population are closing their doors. Where will unskilled and unemployed people, many of whom are francophones, go to obtain the training they need to become contributing members of our community?

**Hon John Snobelen (Minister of Education and Training):** Thank you for the question. We were pleased to announce just recently that we would be expanding the GED — general educational development — program across the province of Ontario, which some 26,000 in Canada used last year to obtain the high school equivalency. We believe that'll help some of the folks who have through the course of their life, through their life skills, obtained really the equivalent of a high school diploma and would like to be recognized for that. That's one of the things that's very encouraging for people who don't have high school accreditation.

We also understand that boards will be providing a variety of adult education programs across the province, recognizing the fact that adults are different from adolescents, have different needs than adolescents, and that the school system has a different responsibility for adults than adolescents. Also, the province, as I'm sure you're aware, has a considerable training program. We are working on focusing that training program to meet the needs of those social assistance recipients who want to get into the workforce, who want to make a contribution.

We have made well known to the federal government our position that we believe it's time for Ontario, which has 35% or so of the unemployed, to receive something more than 28% of the funds available for training. We believe that in a province where \$8 billion is contributed by employees and employers to the UI fund and \$4 billion is received in benefits, that \$4-billion gap, that \$4-

billion penalty that employees pay in Ontario does a lot to keep out investment and job growth and training opportunities for the people of Ontario. We are working very diligently with the federal government to make sure that gap is closed, to make sure our training programs are focused on people who are social assistance recipients and are making sure the programs that are offered by our school system are those that are relevant to and designed for adult learners.

**Mr Cleary:** In a March 12 memorandum, Mariette Carrier-Fraser announced that to help school boards adapt to a new policy of adult education financing, a special subsidy would be given to boards where students aged 21 and over represent more than 10% of the board's total secondary population. This is a non-renewable subsidy of \$1,400 per student over the 10% threshold and will be given in the following manner: \$560 per student in 1996; \$840 in 1997. School boards whose adult population does not exceed 10% of the total secondary school population will not obtain this special subsidy. Why would a smaller school board, already struggling because of lower numbers and therefore a smaller grant, be further penalized?

**Hon Mr Snobelen:** As we said yesterday, this government's committed to changing the funding of education. We believe there are inequities in the funding system. This minister and our government are not apologists for the GLG system. I personally regret that previous governments haven't taken on the funding system and altered it so that all our students have an equal opportunity for an education. In an attempt to mitigate the effects of the reductions we believe can be obtained in focusing adult education on the needs of the adult learner and being responsible for the different circumstances of adults in making sure the school boards have an opportunity to bridge, we have provided a bridging formula mechanism for boards that have an unusually high adult education population, because we recognize and understand the fact that they will require more time to adjust their programs to the needs of their communities. I believe we've done that. It's an attempt at fairness for all the boards concerned. But I do not now and have never represented the GLG process as being one that's horribly fair. It's one we attempt to make fair.

**Mr Bud Wildman (Algoma):** And that's why you lowered them?

**Hon Mr Snobelen:** We can get to that in about another 12 minutes, I suspect.

**Mr Cleary:** The Roman Catholic separate school board applied for a special grant of \$2.2 million under regulation 307. The board was denied the special grant by a letter from you on May 27 because there are more than



10,000 students. We tried to get several meetings with you and you finally agreed to meet after many cancellations. At that meeting of June 12 with you and capital and operating grant director Drew Nameth, we indicated that the board would consider applying for an undue burden. The minister said he would look into the board's status and provide a written response to the S-D-G board within a week and share a copy with me. To date, this has not happened. I would like to know what the status is.

Also at that same meeting, you verbally agreed to meet with representation from that board, possibly after question period some day for about 20 minutes. So far, several phone calls have been made back and forth and nothing concrete has been offered. We'd like to know when you're available and what you're going to do about that.

**Hon Mr Snobelen:** I note with some interest that I was available and that we did have a meeting, I hope a meeting that was satisfactory to you. I meet with a variety of boards across the province, have made myself available to do that. Regrettably, we can't do that on a daily basis. There are 160-odd boards across the province, and if you calculate the time that's involved, it does take some time to schedule meetings. We'd like to stay in touch with all boards and we will be doing that.

There is an undue burden grant available in the province for very particular and specific circumstances, as I explained to you that day and I thought explained rather clearly. It is the board that must apply for an undue burden grant. We would respond very quickly and we have suggested that we'd respond very quickly if we received that sort of application. My understanding is that this is not a terribly unusual process, that over the course of the last decade in over 60 cases undue burden grants have been used to rectify unforeseen funding changes which happen from time to time with the GLG system the way it is. Again, it's regrettable that previous governments haven't attacked and changed the funding system in education and made it easier, made it fairer, given a better opportunity for every student in the province. I regret that; I'm sure everyone who comes in contact with our funding system does.

It's interesting to note that we have responded very quickly to boards that have given us notice of an undue burden. We've been able to respond to them and work cooperatively with them. It's in everyone's interest to make sure these unforeseen reductions in funding don't adversely affect students. Our reductions to funding where we're asking school boards to look for savings outside of the classroom represent about 1.8% of the operating costs in the next year. However, due to agreements that were made with previous governments, some boards are facing more significant reductions because of assessment changes and population changes. Once again, the funding model does not always do a very good job of being fair and equitable with all students. We're trying to address that under the current structure and we're looking at changing the structure so that it can be more fair to students.

**Mr Cleary:** I could discuss it further, but due to the length of time I'm going to turn it over to my colleague.

**Ms Castrilli:** Minister, I regret we really don't have a great deal of time to talk about the post-secondary education sector, which I know you feel is as critical as I do. Certainly, there are no greater resources than our people, and the way we educate them is important to our economy, our wellbeing, our prosperity. I can only imagine what we could achieve with one generation of well-fed, well-educated students.

**1640**

Since time does not allow me to ask all of the questions I have, what I would like to do is focus on one issue and table the remaining questions to allow the ministry to have time to respond, because I think some of them require a detailed answer.

I would like to ask you about the white paper that has been promised on post-secondary education. As you know, the sector is quite apprehensive. There have been cuts which have been very difficult for colleges and universities to deal with because of the timing and because of the inability to plan for the absorption of the cuts. There have been staggering increases in tuition. There has certainly been very little done in terms of restructuring loan programs and ICLRPs — income-contingent loan repayment programs — and OSAP and what will happen with respect to the child care benefit for married students and single parents. I just wonder if you could tell us, since you've been promising this white paper for some time, when we can expect it, what process you will follow, what consultation will take place and what the format is.

**Hon Mr Snobelen:** First of all, I wouldn't agree with part of your statement. I find little apprehension in the post-secondary system. We are in regular contact with folks in both the colleges and the universities. I don't think they're apprehensive at all. I think those people I've talked to in the university sector and the college sector are looking forward to the future, to making the changes we need to have to maintain an excellent post-secondary system in the province.

I also don't find them very shocked about the announcements we made in our budget this year. We did exactly what we said we would do in the Common Sense Revolution; we withdrew \$400 million from that sector and asked them to find those savings in the sector. The post-secondary people were most prepared for that. There were several petitions from that sector asking us to do what was in the CSR to the letter. I also have not found any shock there that we followed our commitments to the people of Ontario.

As far as tuition is concerned, as I said yesterday, our students in the province are paying about the average of tuition paid across the country. It certainly represents an enormous value, considering the excellence of the programs that are available in Ontario, and if you look on a more global scale, I think you'll find it's an extremely good value.

We also have tremendous student support programs in the province, which we look to enhance as we change those programs. Of course, the announcements of the Minister of Finance most recently, where we will have a student trust fund and help to lever money donated by individuals and organizations to support the most-in-need

students is a step forward in student assistance, as is the program we've designed to help those who have cooperative education programs with colleges and universities.

We are moving forward on helping students, on increasing student aid, on making sure the system is more accessible. We've also said that we will have a discussion paper, that we will discuss with the sector issues of accessibility, issues of how the colleges and universities relate. We think it's time for a public discussion paper on post-secondary education. There hasn't been one done in the province of Ontario. We think it's important, so we will be doing that in the very near future.

**Ms Castrilli:** If I could just have one more moment, obviously the minister and I disagree on the fears and the apprehensions of the sector. I'm in contact with colleges and universities and all the various constituencies within those, and what I hear is different. But that wasn't my question.

My question was, when can we expect the white paper? We've been hearing for some months that it's in the near future. I think it would certainly help to dispel some of the apprehension if there were something specific to discuss. What is the process? What consultation are you planning? What time lines do you have in mind?

**Hon Mr Snobelen:** When we release the discussion paper, we will also release the process for the discussion. Again, we think it's time we had a public discussion on post-secondary education in the province. Perhaps it would have been more useful for the sector if this discussion had taken place not two or three months ago but in fact two or three or four or five or six years ago. So we believe that accessibility and the relationship between the institutions is an important public discussion. We will be doing that very soon. When we release the discussion paper, we will obviously also release the process for that discussion, for that consultation, and time lines, and we'll be doing that as soon as we are ready to do it.

**Ms Castrilli:** Will you wait until September when school starts again?

**Hon Mr Snobelen:** When we release the discussion paper, we will do so publicly, and when we do that publicly, we will announce the process for the discussion.

**Mr Wildman:** I'd just like to follow up on a couple of things I raised yesterday. Just briefly, I raised yesterday the proposal made by OSSTF to assist with the development of the secondary curriculum in line with the minister's announcement of a commitment to work-related credits.

I called to clarify after I raised it yesterday and was informed by OSSTF that the offer was made by Earl Manners, the president, to Louise Verity, policy assistant in Mr Snobelen's office. OSSTF confirmed that as yet they have received no response.

**Mr Richard Dicerni:** Could you advise when that offer was made?

**Mr Wildman:** I don't have the date. I could certainly find out and get back to you.

**Mr Dicerni:** We would always welcome that, but as I said, I did meet with Mr Buchanan last week or 10 days ago, and unless that communication has taken place subsequent —

**Mr Wildman:** It was verbal. There was no letter.

**Mr Dicerni:** What I'm saying is that we had a fairly good discussion with Mr Buchanan and the other general secretaries of the teachers' federation and said we would welcome their contribution.

**Mr Wildman:** Obviously there's some problem with communication, because it was last night that I spoke to OSSTF.

**Mr Dicerni:** We work closely with the minister's office, and in that sense, my communication with Mr Buchanan would probably have dealt with that. That's why Louise wouldn't have followed up.

**Mr Wildman:** I'm sure there's no problem with communication. We'll get that clarified.

Could you tell me how much money, since we're dealing with estimates, is spent by the Ministry of Education and Training to meet its obligation as a government to provide for the constitutional rights of francophones in Ontario to education in French?

**Hon Mr Snobelen:** I'd ask the deputy to bring forward a staff member who might be able to elaborate on the exact numbers.

**Mr Dicerni:** I can ask Mariette Carrier-Fraser to perhaps provide specifics. We do not, as far as I know, tabulate numbers in regard to the salary dollars of francophones whom we have in the francophone division, how much is spent in terms of capital construction, how much is spent in different — I can let the member know that, for example, in the recent ministry reorganization as well as downsizing, the full staff of the branch dedicated to francophone education remained totally intact.

**Mr Wildman:** I know the deputy's other hat would lead him to have particular interest in this, as well as his own particular background.

**The Chair:** Could you just state your name and position, please.

**Ms Mariette Carrier-Fraser:** My name is Mariette Carrier-Fraser. I am assistant deputy minister responsible for elementary and secondary operations in French-language education.

As far as the exact number, I'd have to look in various areas of the ministry, because we'd have to look at staffing, as the deputy has mentioned, the capital. There are special grants that we provide for French-language instruction too. For French-language materials within the GLG, for instance, we've provided over the last two years probably between \$10 and \$12 million for what we call aménagement linguistique, which is really to help students who have a right to a French-language education, to be educated in French, but don't have any French-language skills because they've been raised in an anglophone milieu.

1650

**Mr Wildman:** Could I get those figures, please?

**Ms Carrier-Fraser:** I'm sure we could provide you some figures as far as the amount of money spent. It wouldn't be all-encompassing, but it would be —

**Mr Wildman:** Well, for each of the ones you delineated.

**Ms Carrier-Fraser:** Yes, we could do that quite easily.

**Mr Wildman:** Okay. I'm glad to hear that. Now, could I deal just very briefly with capital in this regard.



How much was allocated last year, in 1995, before the moratorium on capital expenditures, for the construction of schools and/or classrooms, facilities that would provide for French-language instruction in Ontario?

**Ms Carrier-Fraser:** I don't have the exact number at my fingertips, but we do have a list of all the projects for which money had been allocated, definitely, and that's fairly easy to come up with.

**Mr Wildman:** If I could then lead to one of particular interest, the Dufferin-Peel Roman Catholic Separate School Board, which on behalf of its French-language section applied for judicial review of the Minister of Education and Training's decision to place a moratorium on capital construction, particularly as it relates to the école secondaire Sainte-Famille project, which dates back to 1987, I understand, and correct me if I'm wrong, that the court has ruled and has stated that the moratorium should not apply to French schools because of the constitutional injunction and that the court has suggested it is in the best interests of the province not to appeal the court's decision.

**Hon Mr Snobelen:** I believe that would be inaccurate.

**Mr Wildman:** That's inaccurate? Well, then, what was the court's decision?

**Hon Mr Snobelen:** My understanding of the court's decision — and it was an oral decision given this morning; the written rationale and the reasoning will be given next week some time and we look forward to reading that — was that the decision was much more focused than your statement would reference. It was focused on the one school alone, Sainte-Famille.

**Mr Wildman:** Don't misunderstand me. I was referring to école secondaire Sainte-Famille.

**Hon Mr Snobelen:** I'm sorry, then; I misunderstood you. I thought it was more broad than that.

It is a very narrow decision on this one particular project, and again we haven't had a chance to look at, because they had not been released, the reasons behind the justices' decision. We'll have a look at those and have some response to that when we've had a chance to examine them.

**Mr Wildman:** When does the court indicate that the written decision and reasons would be available?

**Hon Mr Snobelen:** My understanding is next week. I don't know that I have any better date than that.

**Mr Wildman:** I would like to get that information. I would like to also have some information as to how the operating dollars for materials and instruction have changed last year to this year in French-language education.

How much time do I have left?

**The Chair:** You have about six minutes left.

**Mr Wildman:** The other thing I would like to raise is the discussions about reorganization within the ministry. Could the minister indicate whether or not, or when, a decision will be made with regard to the regional office in northeastern Ontario of the ministry? Will this office in Sudbury be continued, or will it be downsized and will there no longer be an office in Sudbury?

**Hon Mr Snobelen:** As I'm sure the member knows, the ministry has been through a number of reorganizations over the course of the last decade and there have

been several different attempts at and changes in providing ministry services in the various regions of the province. We have had a look in our business plan at how we can meet the needs of schools in various regions and we are taking steps now to provide I think a better service and a better organization to meet those needs. I'll ask the deputy to make some comments on the current state of the reorganization.

**Mr Dicerni:** In terms of the regional offices, no final decisions have been made regarding where those offices will be located. I should correct myself: where the district offices will be located.

Secondly, we have received some suggestions, comments, inputs from a number of boards that we are reviewing. Mariette Carrier-Fraser has recently been in contact with a number of those directors of education and has sought their input on a number of matters. We hope to be able to finalize that in the not-too-distant future.

**Mr Wildman:** A lot of things seem to happen in the not-too-distant future. It says right here in a letter dated June 18 from the Hornepayne Board of Education chair to the deputy minister:

"Our board has recently heard that the ministry will be undertaking the reorganization of regional offices throughout the province and that as a result the Sudbury regional office may be closed while new ones" — they're referring to district-type offices, I guess — "will be opened elsewhere in southern and eastern Ontario." It goes on to explain why they are opposed to this and it says, "It seems inconceivable that the largest geographic area of the province would be served by only two ministry offices."

**Mr Dicerni:** I would make two points. The first one is that regional offices of the Ministry of Education and Training over the years have fairly significantly evolved towards being downsized from what they may have been four or five years ago. Upon, I believe, assuming my present portfolio as deputy minister, I noted that on average regional offices were down to about 25 or 26 persons from over the past X number of years, where they would have been up to cumulatively maybe 75, 80, sometimes 100 persons. So it achieved a level of critical mass which was no longer sustainable in terms of being able to deliver. That's a comment in terms of, broadly speaking, regional delivery of services.

Again, in regard to where the offices are located, no final decision has been made. We are trying to look at a number of factors in determining where those offices should be, including number of schools, number of students and distance.

**Mr Wildman:** So it's unlikely there would be any political, partisan reasons for deciding to put an office in North Bay rather than having an office in Sudbury?

**Mr Dicerni:** No final decisions have been made regarding where the district offices should be located, and we have sought the input of people in the north to give us advice on this.

**Mr Wildman:** I have before me a ministry briefing note dated June 17, which I guess was prepared by the northeastern Ontario regional staff. "Issue: Should a reorganization of field services in the Ministry of Education and Training entail the closure of the mid-northern

office operating out of Sudbury? Answer: No." It goes on to say: "Arguments: Reorganization of the MET field offices would reduce the number of regional offices in the north as well as in the south of the province. That could be defended. However, a reorganization which would eliminate an office in the north and add field presence in the east and in the south is inequitable and unacceptable to northerners."

It goes on further to point out that the Peat, Marwick, Stevenson and Kellogg report of January 1991, which has been made available through freedom of information, recommended against this but recommended a combination of the offices of North Bay and Sudbury with one director.

It goes on to say in the final paragraph of this briefing note, which if course is provided by civil servants who have no political axe to grind, "The closure by MET senior officials of the mid-northern office in Sudbury to the benefit of the northeastern office in North Bay could embarrass Premier Mike Harris, as he will be accused of politically favouring his home-town constituency to the detriment of an area where no Progressive Conservatives were elected in the June 1995 election." I was aghast that anyone would suggest that. That's why I asked the question I did. I'm glad to have received your reassurance that there will not be any partisan political decisions related to the location of the office.

1700

**Mr Dicerni:** I don't know who specifically Mariette spoke to, even as recently as last week, to seek the input in terms of where those offices should be, but those requests for information were genuine. Mariette could perhaps share with the member which directors of education she has been in contact with, the types of questions she has asked and the types of criteria that we will be using. I would add that if we are prepared to engage in a public discussion with public officials, such as directors of boards of education, on the criteria and so forth, it is obvious that we are prepared to stand by it in terms of making the determination as to where those would be.

**Mr Wildman:** I appreciate that. All I'm attempting to do is to gain assurance that the recommendation made in this briefing note by the ministry staff will be followed, and that recommendation is that the mid-northern office operating out of Sudbury should not be closed.

**The Chair:** Thank you, Mr Wildman — unless you want to consider the response part of your time. I just want to make indication that the minister had asked to step out for 10 minutes or so and questions will be asked of the staff in the meantime.

**Mr Wildman:** I'd be happy to hear from the ministry staff person if that's acceptable, but if the Conservative members would rather ask questions, that's up to them.

**Mr Chris Stockwell (Etobicoke West):** Wasn't his time up?

**The Chair:** I've said his time is up, and I'm saying that if you want the response, that may be beneficial to all.

**Mr Stockwell:** Yes, we'd rather ask questions.

**The Chair:** Is that what he said? You don't want the response.

**Mr Wildman:** It doesn't matter to me. I can ask it again, perhaps even raise it in the House.

**Mr Dicerni:** I would ask Mariette to retain the information and communicate it later.

**Mr Stockwell:** You understand what he said; don't forget.

**The Chair:** Thank you, deputy.

**Ms Carrier-Fraser:** I never forget.

**Mr Wayne Wettlaufer (Kitchener):** I have a question for staff. I'd like to call Drew Nameth up if we could, please. Welcome, Mr Nameth. I have a question regarding the operational grants, the cutbacks that were made in the transfer payments.

In my own region, in my riding, we have two school boards that had significant cutbacks in the grants. The Waterloo county public board had a cutback of \$4.4 million, give or take, and the Waterloo region separate school board had a cutback of \$7.7 million, give or take. The regional separate school board has a majority of the school population in my riding. I believe it's 53%, but don't quote me on that one. The figures that I have seen indicate that their cost to educate a student is about \$1,000 less than the public board, and of course the cost to educate the secondary school students is also lower, to the tune of about \$700 per student.

The separate school board does not receive of course the kind of commercial and industrial assessment that the public board does. I guess what I am interested in knowing is, why is the difference in cutbacks so significant? Obviously the separate school board in my area is very concerned about the future of education within the board.

**Mr Drew Nameth:** I don't have with me the details of the boards' financial estimates for 1996. One factor that may come into play, however, is the introduction of what we refer to as pooling of commercial and industrial assessment; 1996 is the first year of that change whereby a component — I forget the exact percentage — of the commercial and industrial assessment is being reallocated from the public board to the separate board. So the separate board's assessment base effectively is growing as a result of that change in pooling. The revenue that would be generated from local taxes is therefore higher. The basic per pupil operating grants that are provided to the school boards are effectively equalization payments to make up the difference between what can be raised locally from the assessment base to a recognized level of expenditure. By virtue of the fact that there is a larger assessment base for the separate school board, the need for provincial funding to make up the difference is reduced.

**Mr Wettlaufer:** But that being the case, if they are receiving, according to the pooling formula, more of the commercial and industrial assessment than they were before, why does it appear, then, that their remuneration is still considerably lower than what it was a year earlier?

**Mr Nameth:** I'm sorry, are you talking about the grant dollars or total revenue?

**Mr Wettlaufer:** Total revenue is considerably more than the \$3.3-million difference in the operational grant cutback.



**Mr Nameth:** I'm sorry, I would have to take a look at the financial estimates to be able to answer your question more fully. I could do so and get back to you.

**Mr Wettlaufer:** I have no other questions of staff. Does anybody else have questions of staff?

**Mr Stockwell:** I'll take mine to staff if they're here. I have a question on the capital renovation program. Where are you on that program right now?

**Mr Nameth:** I'm not sure if you're referring to our facilities renewal program or —

**Mr Stockwell:** Where you fix schools.

**Mr Nameth:** We do have a facilities renewal program that was introduced this year. Boards were allocated a portion of \$45 million distributed on a formula basis for renovation, rehabilitation programs, for projects according to their own priorities. The administration of that program has been, I believe, greatly streamlined compared to the administration previously. Boards identify how they plan to use those allocations —

**Mr Stockwell:** The \$45 million, is it actually in the school boards' hands right now?

**Mr Nameth:** Most of it is being flowed as we speak. The boards that have identified to us how they intend to use those funds, and provided they meet the criteria, have been notified that everything meets our approval. The funds are being flowed to them over a five-month period beginning in June.

**Mr Stockwell:** What was the budget last year?

**Mr Nameth:** It's a new program this year.

**Mr Stockwell:** What was your capital expenditure on renovation programs last year?

**Mr Nameth:** It was done on a project-by-project basis in 1995 and I would have to —

**Mr Stockwell:** Was it less or more than \$45 million?

**Mr Nameth:** I believe it was less.

**Mr Stockwell:** So we're spending more money on capital programs this administration, in 1996?

**Mr Nameth:** I would have to confirm the figures from 1995, but the facilities renewal program is \$45 million in 1996.

**Mr Stockwell:** When I go back to Etobicoke, I have a couple of separate schools that have concerns; St Gregory's is one of them, for example. They're going to say, "Gee, how'd we do down there," and I'm going to say, "The money's flowing out in the not-too-distant future and it's going to be up to your boards whether or not you get the funds."

**Mr Nameth:** The board determines how the funds are used within the board, which school projects, which renovation projects, which repair projects are undertaken. It's the board's priorities.

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**Mrs Lillian Ross (Hamilton West):** Can I follow up on that? The facilities renewal program: Is it the board that applies to this program, or is it the ministry that sets out who — how do you figure out who's getting the money?

**Mr Nameth:** It's a formula basis which is based on the number of students in the board, on the facilities owned by the board, the age of the facilities in the board and yielding a share of the \$45 million available to the board, if you would like, on a line of credit that they may

use for rehabilitation projects, for renovation projects, according to their own priorities. Every enlarged board in the province receives a portion of that \$45 million.

**Mrs Ross:** So every board gets a portion of that money based on all of those criteria that you said. Chris has another question, so we're going to go back and forth here.

**Mr Stockwell:** Your words "line of credit" kind of struck me.

**Mr Nameth:** My wording.

**Mr Stockwell:** Yes. This money isn't in any way expected to come back to the province?

**Mr Nameth:** Oh, no. No. It's there for the purpose of rehabilitation and renovation projects solely.

**Mr Stockwell:** Do you remember how much money Metropolitan Toronto got, the separate school board?

**Mr Nameth:** I don't have it off the top of my head. I can find that out for you.

**Mr Stockwell:** They got some funding though?

**Mr Nameth:** I believe they did.

**Mr Stockwell:** And the public school board?

**Mr Nameth:** There was an allocation for the public school board as well, yes.

**Mr Stockwell:** You say you have to qualify.

**Mr Nameth:** The boards are to identify which projects they plan to utilize the funds for. Provided they are rehabilitation-renovation projects, that's not a problem.

**Mr Stockwell:** Let me be more direct here. I have a whack of schools with a whole bunch of portables. Do they qualify?

**Mr Nameth:** For what purpose here?

**Mr Stockwell:** To renovate so they don't have any portables any more.

**Mr Wildman:** You can renovate the portables.

**Mr Stockwell:** How are we doing on the expansion budget?

**Mr Nameth:** Sorry?

**Mr Stockwell:** How are we doing on the expansion budget?

**Mr Nameth:** There is a moratorium on capital projects.

**Mr Stockwell:** That's what I was driving at. I was on the wrong page, wasn't I? Okay. When do you figure this moratorium's going to come off, because my schools are getting fuller and these portables are getting many more. I literally have schools where I think the place base for the number of students is down to three square feet. Kids run around. Three square feet's not a lot of room. How is this moratorium doing? When are we going to deal with that?

**Mr Nameth:** The announcement was that the moratorium would be in effect for one year.

**Mr Stockwell:** For one year. So that's it. There's just no money going out for expansion.

**Mr Nameth:** There is money going out for projects that were under construction on March 6.

**Mr Stockwell:** That's just a nice way of saying there's no money going out for expansion. I've got to go back to them and say there's no funding. What happens after a year? Are there any decisions made? Or you people may say, "Hey, we're going to have another moratorium; this is working wonderful."

**Mr Nameth:** We are in the process of reviewing capital financing. We have hired a consulting firm to examine alternatives, how capital projects might be funded —

**Mr Stockwell:** Have you seen that report they've sent out to the schools? Your consulting firm.

**Mr Nameth:** I'm not sure what you're talking about.

**Mr Stockwell:** They've sent a report out to the schools that are looking for expansions, this consulting firm you hired. I saw the report. I'm asking, did you see that?

**Mr Nameth:** I have not seen it.

**Mr Stockwell:** I've got to tell you, I saw it. I can't believe there's a question in there that you people don't have the answer for. Is this going to be one of those consultation processes that simply gets established just to buy you more time so you don't have to spend any money to expand schools?

**Mr Nameth:** No, the —

**Hon Mr Snobelen:** That's a question more appropriately asked of the minister, and if I can respond, no.

**Mr Stockwell:** So what's it doing then, John? Are we simply saying this moratorium's on? Can you give me your undertaking that a year after you've put this moratorium in place it's going to come off and the money's going to start flowing again?

**Hon Mr Snobelen:** You certainly have our undertaking that our intention is not to return to the same capital programs that caused the portable cities throughout my riding, and I know throughout your riding and many other ridings in the province, particularly in the high-growth areas where, because of the funding methodologies that have been used in the past for capital, we haven't been able to keep up with the needs of building schools. One of the past approaches has been, by governments in the past, to announce \$1.6-billion worth of capital projects but have no money to pay for them when the projects actually came forward. So what we are committed —

**Mr Stockwell:** I appreciate that, but the question is, is the moratorium staying on or is it coming off?

**Hon Mr Snobelen:** We announced the moratorium for a year. We said that at the end of that year we would come out with a program for capital that made more sense and got more schools built in the province of Ontario. That's our intention.

**Mr Stockwell:** So I can go back to my constituents and tell them after that year the moratorium's off; money will start flowing for expansions again?

**Hon Mr Snobelen:** Certainly it's our intention not to flow money the same way for capital that it was flowed in the past, because we'd like to have a more effective program. But you can certainly tell your constituents it's our intention after this year to have a program where more schools can be built in the province of Ontario and where we can meet the needs of students better.

**The Chair:** This is a difficult time for me, because your questions are so relevant to Scarborough North, but I have to go to the Liberal side to put their questions.

**Mr Frank Miclash (Kenora):** Just to follow up on what Mr Stockwell was saying, Minister, is there a list of all the projects by board which have been impacted by the one-year moratorium?

**Hon Mr Snobelen:** Certainly there is, yes.

**Mr Miclash:** That list is available, I would assume.

**Hon Mr Snobelen:** Certainly.

**Mr Miclash:** Can it be tabled with the committee possibly?

**Hon Mr Snobelen:** Sure.

**Mr Miclash:** Minister, I gave you some correspondence earlier on when you came in from the Red Lake Board of Education. The correspondence I gave you was a letter directed to you, dated March 27, and signed by the board chair, Rick Smit. As well, I gave you a letter to Mr Drew Nameth, signed by the superintendent of business, Dan McNeill. The question the Red Lake Board of Education is asking is why they are being impacted in terms of their transportation grants.

On March 6, you sent out a memorandum which stated that individual board grants would be determined in a way that recognized efficiencies achieved in the past few years. They recognized a number of efficiencies that they had proven to you and had shown to you that they had achieved over the past number of years, but they're feeling penalized. They indicated to you in the letters that they had operated their transportation services in a much more efficient, effective way and they had showed a permanent savings to the treasury of some \$227,000. Yet over the same period, their grants had been reduced by some 16.9%, or \$120,000. They're looking for an answer as to why they have shown you their savings but yet have been penalized.

**Hon Mr Snobelen:** Our approach to transportation — and by the way, we believe, as verified by a number of studies that have been done on transportation in the school sector and as comparisons between our jurisdictions and other jurisdictions in North America on transportation issues indicate, that there are more efficient, more effective ways of providing student transportation. Our request for savings in this area, again based on a variety of studies, was specifically designed to take into account the savings that efficient boards have made over the course of the last few years, which is why we've changed to a bulk grant system. I can have someone from the ministry elaborate on that if you'd like. Drew?

**Mr Nameth:** The process used to determine the transportation grants for 1996 was to take an average of transportation grants over the past four years and to reduce that by a certain percentage. In boards that have achieved savings over the past four years, that average will be lower and the reduction or the impact of the change in the funding would be less than a board that had not taken any measures to increase efficiencies over the past several years. That was taken into account in determining the grant for Red Lake. I don't have the exact numbers, but in dollar terms I believe the impact on transportation grants for Red Lake was relatively small compared to some of the other boards of the same size.

**Mr Miclash:** Okay. I guess I get back to my main point. You recognized the efficiencies. What they're saying is that they showed you efficiencies over the number of years of \$227,000, but yet their grants were reduced by \$120,000. How is that recognizing their efficiencies? This is what they don't understand.



**Mr Nameth:** Had they not made those changes, their grants would have been reduced by an even bigger amount this year than they were.

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**Mr Miclash:** Minister, you might remember that I brought up the fact in the House at one point that there were many students in the Kenora, Dryden and Sioux Lookout areas who had walked out of their classrooms and were quite upset by the board's decisions to cut back on a number of program areas. I requested you to possibly visit a number of those schools when you were in the area — you were in Thunder Bay. What comes to mind right now is that you've indicated a number of times that you spend about 25% of your time visiting schools. Have any of those schools been in the northwest, in the northern regions of the province?

**Hon Mr Snobelen:** I can get someone to provide, although we don't have it readily available, a listing of the schools I have attended. I have visited schools I think in virtually every section of the province. There are some areas where I'd like to — I have yet to go to an isolate school and I would like to do that. I have not yet done that.

**Mr Wildman:** Hornepayne is an isolate board.

**Hon Mr Snobelen:** I would like to get into some of the more different situations, but I have spent about 25% of my time in schools. We have tried to take the opportunity to have a look at different circumstances — rural circumstances, urban circumstances — across the province. Obviously, there are some very different needs from the large urban areas to the rural areas and I will continue to do that.

Unfortunately, as I've found, there are two months out of the year when school tours don't work, and we're about to enter those two months, but in the fall I'll be taking that back up again.

**Mr Miclash:** As a previous educator in the system, I think one of the largest differences you'll find in the northwest is of course the distances between the schools. For activities to take place, such as sporting activities, the teams have to travel. As I say, those distances are quite great and I hope that you as minister will recognize this so that these students can be told that these programs will remain intact.

On to another subject: Would you consider junior kindergarten a classroom?

**Hon Mr Snobelen:** We have made several commitments to the people of Ontario that we've fulfilled. We made those in the Common Sense Revolution, a document we released over two years ago and sent many millions of copies out to the people of Ontario. I think these are the commitments that are well-known, well-recognized before the last election. We committed to restoring junior kindergarten to an optional status in the province. We have reified that commitment and we are funding junior kindergarten level at the same level we fund other education programs in the province. We have taken it from an exceptionality to restoring it as a local option because we recognize the fact that different communities require different services, and we have continued funding by the province at the rate we fund other programs.

**Mr Miclash:** What about isolate boards? You've indicated to isolate boards that in order to fund their junior kindergarten programs, they should increase their taxation by 5%. What is the difference there between the isolate boards and school boards throughout the province?

**Hon Mr Snobelen:** We've had an opportunity to address this question on several occasions. The isolate boards, as I'm sure you're aware, are funded by quite a different mechanism than other boards are. Isolate boards tend to raise very little as a percentage basis of their education costs from the local community because there simply is not a large tax base. By the way, we said yesterday and said again today that there certainly is much to be improved in our funding mechanism. Regrettably, the funding mechanisms have persisted over the years and are awkward at best. One of the best examples of that is isolate boards.

Our attempts over this last year have been to make sure that the communities that isolate boards serve are making the same sort of efforts that other coterminous boards or boards in the local area are making in order to provide programming. Isolate boards tend not to charge a surcharge on the prescribed mill rate because it generates very little revenue. There is very little revenue generated from their mill rates, so we have attempted to be fair not just with those boards but with the coterminous boards and with the people in other communities.

**Mr Miclash:** In my colleague's opening comments, he talked a little bit about Bill 31 and the refusal to include native groups in the formation of the College of Teachers. I think there becomes a growing concern among the first nations in my riding that this government is really not interested in a lot of their activities. Minister, I just want to know what groups you've met with and what issues you've discussed in terms of first nation education in this province.

**Hon Mr Snobelen:** I've had several discussions with representatives from first nations groups in the province on the school system but also on our training programs, on the college-level programs and on the university programs that are offered to first nations peoples in Ontario. There is a concern, I think a long-standing concern, by members of the first nations over having appropriate training programs available. There have been some great strides made over the last few years to ensure that people from those communities have access to meaningful training programs and to good, solid college and university programs.

As you may be aware, we are coming to the end now of a five-year program designed to create a sensitivity, if you will, with our college and university system to the very unique needs of first nations peoples, and we'll be reviewing those projects in the near term to make sure we continue to adapt our programming and make sure that programs are available to those people.

**Mr Miclash:** Your cuts to education in the province, you indicated, would not have an impact on the classroom. What I'm hearing from the Kenora Board of Education is that it can no longer provide speech pathology services in the classrooms, it no longer has junior kindergarten and it has in many cases larger class sizes.

Do you not think any of this will have an impact on education in the classroom?

**Hon Mr Snobelen:** We have recently announced a commitment of this government to increase the amount of funding available for preschool children who have speech problems or speech issues. That's a significant program and I believe one that'll make a difference to young people across the province.

As far as junior kindergarten is concerned, we have, if memory serves me correctly, at last count 119 boards which will be offering that service to their communities next year, and some 28 that have decided not to. I believe that was the last count. If that's inaccurate, I hope someone corrects me, but that's the last number I saw. We have a situation where boards are responding differently, I assume reflecting their communities' needs and wishes. I assume, as elected representatives, they are doing that. The boards' association certainly represented to us late last year that there were considerable savings available in the system.

I believe they pointed to several inequities and inefficiencies in the systems that could be adjusted to create a better value for taxpayers without affecting the classroom. That included the spending of some \$1.2 billion on janitorial issues, the spending of \$600 million on transportation — and again, a variety of studies have indicated that can be done much more efficiently — and the amount of time that teachers spend in the classroom. Those issues were brought before us by the boards. I assume they are responding to those cost areas and making reductions in those cost areas. Clearly, there are reductions that are available.

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**Mr Miclash:** During the election campaign your party released a document that was called A Voice for the North. It was an election document. On page 7, your leader indicated that parents feel that the province's Ministry of Education is out of touch and remote from northern communities. What I want to do is go back to a question asked by Mr Wildman regarding the reduction of educational regional offices in the north. I ask you if you're going to pay attention and possibly respect that commitment made by your leader at that time.

**Hon Mr Snobelen:** The deputy answered the question a few moments ago and has said that we are consulting with the directors in that area to find out how we can better serve the north and how we can provide a better and more efficient service.

**Mr Miclash:** There was a panel actually made up by who does what in government. I wonder whether the Minister of Municipal Affairs had any consultations with you, as Minister of Education and Training, as to who would be represented on that panel.

**Hon Mr Snobelen:** I serve on the cabinet subcommittee that those panels report to under the chairmanship of Minister Leach, and we've had several conversations about the composition and the nature of those discussions.

**Mr Miclash:** Was any consideration given to northern representation on that panel?

**Hon Mr Snobelen:** I believe there was consideration given to the type and quality of persons who are repre-

sented. The 11 people who were initially appointed to that committee have had some experience in the province and will be examining reports that have been done in the past. I believe that geography was one consideration, but not the sole consideration.

**Mr Miclash:** Don't you find it strange that there's nobody from northern Ontario on that panel? Yes or no?

**Mr Wildman:** I find it passing strange not only that there's no one from northern Ontario on that panel but nobody from the education sector.

**Mr Miclash:** That too.

**Mr Wildman:** There was a member of the ministry staff who was going to give some information, but the Conservatives didn't want to hear from her before.

*Interjection.*

**Mr Wildman:** It doesn't matter. I'll go on with something else. Can you give me the total? I guess it was \$230 million in proposed capital expenditures that were subject to the moratorium. Is that correct?

**Hon Mr Snobelen:** It was something in that area.

**Mr Wildman:** Okay.

**Hon Mr Snobelen:** Just for accuracy, I believe it was around \$170 million or \$167 million, off the top of my head.

**Mr Wildman:** Okay. Could we get some indication as to how those numbers break down by board?

**Hon Mr Snobelen:** Certainly.

**Mr Wildman:** I'd appreciate that. Specifically, I'd like to deal with an editorial in the June 7 edition of the Midland Free Press, which is a periodical with which I'm sure the minister is intimately familiar.

**Hon Mr Snobelen:** I may have missed that particular edition.

**Mr Wildman:** The editorial is headed "Replace St Marys" — referring to St Marys School in Victoria Harbour — which points out that in 1992 an inspection by the Simcoe county health unit listed a number of deficiencies that could contribute to health problems of students: black mould growing on the walls because of humidity, which contributes to respiratory problems; damp carpets from frequent water leaks; structural problems that contributed to the collapse of the floor two years ago; and foundation holes that allow rats and other rodents to enter the building. This was approved, by the previous government, for capital construction to rectify these problems and is now subject to the moratorium.

My question is, was the moratorium simply an across-the-board fiscal decision or were there any considerations given to the urgency of some of the capital projects with regard particularly to the safety and health of students and teachers?

**Hon Mr Snobelen:** Certainly health and safety were considerations. I believe, as a director recently has said here, the facilities renewal program was designed particularly to address health and safety issues in existing structures. We have maintained the funding in that program so as to address those issues.

**Mr Wildman:** The editorial concludes: "The province refuses to do its part. It should be ashamed."

I understand that Mr Grimmer, the MPP for Muskoka-Georgian Bay, recently visited the school. The project had been estimated at \$2 million, and apparently Mr



Grimmett promised to deliver a video which showed the problems to the minister's office. The story says that he offered little hope to parents that a school could be built before the moratorium ends.

I have a letter from a parent who is most concerned because her daughter has extreme emphysema. She has had significant health problems over the last year related to the mould problem in this school. The parent points out in the letter, "There is a very high proportion of students on puffers for respiratory ailments in this school," higher than would be normal. If the program took into account health and safety problems, why is it this program has been subjected to the moratorium?

**Hon Mr Snobelen:** Maybe I'll ask the deputy to speak about that particular project, but I think our approach to capital is responsible. I think we've said very clearly that we intend to have a better system of building schools, student places in the province than we have had in the past. That's our intention. We're working towards that goal.

I'll leave it to your imagination how people in Ontario view the responsibility of a government that would announce \$1.6 billion for the projects without having \$1.6 billion in the bank. I think that's led to some false expectations by people across the province, certainly in my riding. When I campaigned in 1990 there were people very concerned about capital projects, and there were people very concerned about it in 1995; when we campaigned in 1995 it was still a big issue. It's up to this government to find a better method of building schools and meeting needs across the province. As to the particular project, I'll let the deputy speak.

**Mr Wildman:** Just before the deputy responds, since the minister has gotten into a political exchange on this serious problem for St Marys School, I argue that if people were concerned about a government committing to a \$1.6-billion expenditure for capital they didn't have, the same people might be interested in why a government would commit to a \$5-billion tax expenditure when the government doesn't have it.

**Hon Mr Snobelen:** I would suggest that since we want to go down this path —

**Mr Wildman:** You raised it; I didn't. I would really like to find out about St Marys School and why it is subject to the moratorium if you take into account health and safety.

**Hon Mr Snobelen:** Again the member for Algoma has raised an interesting point. I suspect that the tax reduction's driven by — we can have a more fulsome conversation about this at some future point — a desperate need in the province for investment and jobs and finding jobs and creating opportunities for the young people who are in our schools.

**Mr Wildman:** Some might say the same thing about a capital expenditure program, that the same applies, but let's deal with St Marys.

**Hon Mr Snobelen:** Good. I think that would be excellent, but I would enjoy having that other conversation with you at some future point.

**Mr Dicerni:** I don't have the specifics because we were not informed, but I've asked Drew to look specifically into that issue. Our approach was designed to not

encompass matters that you have raised. If, for example, it had been communicated to us as a renovation of a school, it would not have jumped out. But I note that the facilities renewal program Drew was talking about is available to all boards. I will look more specifically —

**Mr Wildman:** To be fair, I think it is a new school. They were going to build a new school to replace this because of the condition of this one. My impression from the story and from the two letters I received was that the conclusion of the board and the people who looked at it, the engineers and so on, was that the school was beyond repair.

**Mr Dicerni:** In that sense it probably would be fairly well up in terms of criteria, but as the minister has referred to, we are seeking to establish new modalities by which schools could get built to respond to the needs of children and parents.

1740

**Mr Wildman:** I'd like to get the information about that school. I raised yesterday the issue of another school, where a church had been demolished in order to make room for it, and now they have no church and no expanded school. This I think is even more serious than that since it appears that we have children who are experiencing health problems because of the condition of the school they're attending.

I won't take up time just for the sake of taking up time, but there are a couple of other questions I would like to ask with regard to post-secondary. What's the total amount spent now on post-secondary education by the provincial government in Ontario? These are estimates.

**The Chair:** Will someone be addressing that from the ministry?

**Mr Dicerni:** About \$2.4 billion. Over and above that is the annual contribution that is made to post-secondary education via the OSAP, as well as capital.

**Mr Wildman:** What's the capital expenditure for this year?

**Mr Dicerni:** It would be about \$60 million — Drew? — this year's capital.

**The Chair:** Do you want to come to the table so that Hansard can have this recorded?

**Mr Nameth:** I would think in the neighbourhood of \$60 million to \$80 million.

**Mr Wildman:** How does that break down, college and university?

**Mr Nameth:** There's a facilities renewal program for colleges and universities split one third-two thirds. The remainder is project by project depending on where the projects are. There's a large project to construct a new French-language college in Sudbury, Collège Boréal, and a large project, Queen's biosciences centre. My sense is that it's probably about 50-50 college and university.

**Mr Wildman:** Give me some indication of what the trend has been. How does the total expenditure this year compare with 1995, capital?

**Mr Nameth:** The total expenditure this year will be less than in 1995.

**Mr Wildman:** How much?

**Mr Nameth:** I don't have those figures with me. I can find them for you.

**Mr Wildman:** I mean this sincerely — I don't want to sound like I'm being unreasonable, Mr Chair — but these are estimates, and it would be nice if when somebody asks a question about funding, we could get an answer rather than somebody saying, "We'll get that information for you." I don't expect everything to be on the tips of the fingers of the staff, and I'm trying to be fair here, but I don't think it's unreasonable to expect that we get some numbers when we ask for them.

**The Chair:** Does the deputy want to respond to this?

**Mr Dicerni:** I believe the member is requesting information regarding last year's capital —

**Mr Wildman:** No, I'm asking what this year's are. We got a round figure of \$60 million to \$80 million. I asked how does that compare with last year's, and Mr Nameth said it was less. Then I said, "How much less?" and he said he could get it for me.

**Mr Dicerni:** The allocation for the previous year was \$100 million, and when I say approximately \$100 million, it refers to the fact that we are somewhat dependent as to when projects get completed, the amount of construction that takes place by different institutions. In regard to this fiscal year, in light of the serious financial situation facing the government, there are still a few large-scale projects being reviewed over which final decisions have not yet been made. That explains why the final number has not been determined. It is related to specific program decisions.

**Mr Wildman:** I do recall that when serving in opposition in the past there was a Liberal colleague, Pat Reid from Rainy River who now is active with the mining association, who used to always throw curves at people in estimates because he actually asked for numbers. I learned from him that it's useful sometimes to treat estimates as estimates. While we often have philosophical and political discussions in here, which are useful, I think, it is important sometimes to return to the estimates.

For that reason, I would like to know, in the post-secondary area how much money total in round figures does the province contribute to what would be called research, pure and practical, in the university sector? I recognize most of it comes from the federal government or from private sources, but how much does the province actually contribute to research programs of all sorts?

**Mr Dicerni:** May I, Mr Chair?

**The Chair:** Go ahead. Actually the time is up, but you may respond with a short response?

**Mr Dicerni:** That is an excellent question. It is one of the reasons for which the ministry has established in the new organizational chart a unit that is dedicated very specifically to tracking research that takes place within the Ontario government, as well as liaising with national research bodies, such as the medical research council, in order that we can establish an area of expertise within the government regarding what takes place in research and, more importantly, how we as a provincial government can support, sustain and enhance research with our university partners.

**The Chair:** Your time is up, Mr Wildman.

**Mr Wildman:** I appreciate it. Thank you.

**Mrs Ross:** Mr Minister, I'd like to ask you a question pertaining to what some of our local school boards are

doing with respect to restructuring and downsizing to look at some of the spending reductions. One of my local school boards has come to me with a proposal that they have sat down with the maintenance union to save an amount of pretty significant dollars.

One of the reasons is because of the spending reductions, but what they're trying to do is, they feel that they have to lay off staff. However, if they lay off staff now, in two years' time they have to hire staff back because they have quite a number who'd be retiring in two years. So they're looking at a program where hopefully 50% of the savings would go to the local school board, 50% would go to the employees in order that it allows them that flexibility that they can maintain the workforce until such time as the two years roll by and people will be retiring. I'd like to get your reaction to a proposal such as that.

**Hon Mr Snobelen:** The maintenance side of our schools is a significant area of expense at about \$1.2 billion a year. It's an area where efficiencies can, I believe, be found and there are studies that would back that assertion up. It sounds to me like your board is taking an approach with their employees that sounds responsible in your presentation of it and not an unusual circumstance.

There are a variety of private sector agreements that have been made over the last 20 years that attempt to make up for a short-term surplus in employees by trying to avert layoffs through a variety of mechanisms. It's not unusual in many professions and many service industries and so it sounds consistent with the approach that's being taken in the private sector.

1750

**Mrs Ross:** This is a two-part question, and my second part to that question is, one of the questions they asked me was that if they are able to do as they hope to do, and that is not lay off anybody now and survive for two years until such time as retirement takes place, with further funding reductions coming, would they be penalized in fact if they found reductions now? I tried to reassure them that I believe our government would look at those organizations that had already done some restructuring more favourably than those that had not. I'd just like to get your comments on that.

**Hon Mr Snobelen:** Our ability to reflect accurately the savings that different boards have found and the efficiencies that different boards have found under our current GLG structure is not as good as it should be, in my view. We recently had a report by the working group on ed finance reform that has suggested that we have a more rational model of expenditure on a per student basis, recognizing the different expenditure components across the system. It has recommended to us that we go to a more standard reporting mechanism of those costs. I believe that's a key in making sure that we find the savings on an equitable basis and accurately reflect the efficiencies of school boards across the province.

With the funding model that currently exists, that's not possible to do in a fair and equitable way. What I think you can tell your school boards is that we are committed to changing that funding mechanism to one that does allow us to reflect the efficiencies of different systems on



a per student basis on a sophisticated model of expenditures. It's regrettable that's not the funding system we have now in the province. It's our intention to move to that.

**Mrs Ross:** Can I ask one more? I know Toby has a question, so I'll be very brief here.

In my area, we have a university and a college, and I know that faculty staff have quite significant savings with respect to tuition fees for their families going to that university. I'd like to know if we have any statistics on the dollars it costs to educate faculty staff.

**Hon Mr Snobelen:** This is a number we do not have available because universities are autonomous organizations, and under the current structure, when they provide that sort of incentive to faculty, it's not necessary for them to advise the ministry of that. Again, they have some autonomy in how they conduct their business.

I am aware of the fact that there are persons in the university system who receive either a substantial reduction in tuition fees for immediate family members or in fact free tuition to their institution, and that's something that's been brought to our attention by a variety of people. However, under the current structure, those organizations are autonomous.

This is something that we think we should discuss with the universities and see if they will recognize the fact that there needs to be some autonomy for the university sector, for the post-secondary sector as a whole. However, these institutions are also significantly publicly funded, and I believe the public has a right to have that kind of information available. We've taken some steps with that with our sunlight provisions last year. I think the public, by and large, felt well served by being able to know what the executive salaries were in those and other publicly funded institutions, and I believe that those institutions have a responsibility to the public to make the other conditions known, and so we will be encouraging them to do so.

**Mrs Ross:** I just want to say that I agree with that, because I think there are many students out there having difficulty going to university, and it would be interesting to know what those statistics are.

**Mr Toby Barrett (Norfolk):** Mr Minister, the Sweeney report made recommendations with respect to reducing the number of school boards, even to the point of recommending new boundaries, and I know there will

be additional input arising from the who-does-what panel. However, if the boundaries are to be redrawn for school boards, if we go on that option, would neighbouring boards have options to negotiate mergers among themselves or is any of this thought on the part of school boards premature right now, given that they're taking a hard look at property taxes and assessment and the whole nature of education governance and municipal governance and how it relates to the provincial level?

**Hon Mr Snobelen:** I believe that the first recommendation of the Sweeney commission was to address the very serious inequities in the funding system before changing the governance system, so while we look at the funding system and engage in a serious review of that, we have to keep in mind what is a governance system that would support the schools in the next millennium.

I would personally like to see, and I believe it's consistent with our government's approach, a funding system that provides true equity for students and similar opportunities or the same opportunities for students across the province, and we will design a funding system that does that.

On the governance side, I am personally in favour of — I think I've made it well-known publicly — as much involvement of parents as is possible in our governance structure. I think that, by and large, parents have something to say about the education of their children and want to feel that their voice is heard. So when we look at the governance structure, we'll look to make sure that we have an ability for parents to have their voice heard in the system.

The Sweeney commission was directed to reduce the number of school boards. That was the purpose in the exercise, and Mr Sweeney and his committee came back and met the requirements they were directed to do. Whether in fact their recommendations fit with a system that provides more equity in funding, that provides more parental involvement and that will take us into the next millennium is a question we have to resolve.

**The Chair:** Thank you, Minister. Being 6 o'clock, that ends the time for the estimates. This also leaves about three hours and 51 minutes remaining in the estimates for education and training. That will be resumed, I presume, on the third Monday in September, when the House comes back.

*The committee adjourned at 1757.*





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\*Wettlaufer, Wayne (Kitchener PC)

*\*In attendance / présents*

### **Substitutions present / Membres remplaçants présents:**

Castrilli, Annamarie (Downsview L) for Mr Michael A. Brown

Newman, Dan (Scarborough Centre PC) for Mr Clement

Hudak, Tim (Niagara South / -Sud PC) for Mr Sheehan

### **Also taking part / Autre participants et participantes:**

Miclash, Frank (Kenora L)

Stockwell, Chris (Etobicoke West / -Ouest PC)

Wildman, Bud (Algoma ND)

**Clerk pro tem / Greffier par intérim:** Todd Decker

**Staff / Personnel:** Steve Poelking, research officer, Legislative Research Service

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First Session, 36th Parliament

## Assemblée législative de l'Ontario

Première session, 36<sup>e</sup> législature

# Official Report of Debates (Hansard)

Wednesday 25 September 1996

# Journal des débats (Hansard)

Mercredi 25 septembre 1996

**Standing committee on  
estimates**

**Comité permanent des  
budgets des dépenses**

Ministry of Education  
and Training

Ministère de l'Éducation  
et de la Formation



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## LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON  
ESTIMATES

Wednesday 25 September 1996

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Mercredi 25 septembre 1996

*The committee met at 1534 in committee room 2.*

## MINISTRY OF EDUCATION AND TRAINING

**The Chair (Mr Alvin Curling):** We resume the estimates for the Ministry of Education and Training. We have in total three hours and 50 minutes of the time left. Welcome back to you all to this wonderful, exciting place of Parliament and committees. When we were here last, I think the government had the last interaction. We will now go to the Liberals for their time.

**Mr John C. Cleary (Cornwall):** Minister, you may recall that in your boardroom at 9 am on June 12 we met to review some of the incidents that were facing the Stormont, Dundas and Glengarry catholic school board. You also had in attendance your capital and operating grants director, Drew Nameth, and your special assistant, Sara Sterling, and my executive assistant. We went over some of the issues that were facing the residents of eastern Ontario in the education system. We had tried many times to get a meeting that you agreed to in place, and we could not get by your scheduling people, and that didn't happen. So I'm going to read you a letter:

"We understand that you will be visiting the city of Cornwall on October 7, 1996 as a guest of the Cornwall Chamber of Commerce and we would like to take opportunity of this event to invite you to meet with the chairpersons and directors of education of both the Stormont, Dundas and Glengarry County Board of Education and the Stormont, Dundas and Glengarry County RCSS Board.

"The purpose of this meeting would be to discuss matters of mutually shared interest and of particular interest to the education community of the three counties of Stormont, Dundas and Glengarry. We feel that such a meeting would be of benefit to all parties...."

Minister, will you take the time to meet with these school board members?

**Hon John Snobelen (Minister of Education and Training):** As you're probably aware, when I go around the province, and I think I've been in most of the regions of the province over the course of the last year, I generally take the time to meet with school boards and other interested people in education. I've also made it a priority to spend as much time as I possibly can in schools, in classrooms talking to students, talking to teachers, principals. That's normally a part of my day.

I'm sure you'll appreciate the fact that my schedule is subject to some interruption. If I'm in that area on October 7, and I don't know that I will or will not be, and if there's any way possible, I would love to meet with the boards.

**Mr Cleary:** Okay. I'm willing to hand you the letter. The date's stamped, and myself there, asking you to meet with them. We've been kind of getting the runaround since June 12. I'll give you a copy of that letter.

**Hon Mr Snobelen:** Excuse me. "Runaround"?

**Mr Cleary:** You promised to meet but we never got —

**Hon Mr Snobelen:** To date.

**Mr Cleary:** June 12.

**Hon Mr Snobelen:** To date you have not got it. That's correct. We will meet with the board at some point when we can do that, and if we can do it on October 7, I'd be more than delighted to do that. Is that clear? Is the response clear?

**Mr Cleary:** That's clear.

**Hon Mr Snobelen:** Good. Thank you.

**Mr Cleary:** We'll have to go by your schedule.

**The Chair:** Any further questions, Mr Cleary?

**Mr Cleary:** That's it.

**Mr Richard Patten (Ottawa Centre):** I have a good number of questions here.

I had the pleasure of attending a breakfast this morning hosted by the Urban Development Institute, and the keynote speaker was the Honourable David Crombie, actually a person for whom I have a great deal of time and a great deal of respect. He described the work of Who Does What, and with his vast experience in local politics, of course, when he used to teach, he provided a sort of historical backdrop for the breakfast. I left before the whole meeting was completed, but it seemed to me that the greatest interest of all was in education taxes and the subcommittee on education. I wonder, Minister, if you would elaborate on — number one, there were comments made that this is such a short period of time for a group of people with some related experiences, but a couple of questions around it.

It's listed in the invitation — this is their invitation, Minister, not yours — as education taxes, but I got the impression that their mandate or terms of reference were broader than that, that indeed they could comment on functions and relationships and the possible changes of responsibilities between perhaps local government boards, not only on the tax side. Could you expand somewhat on that? In terms of that specific subpanel, what are you looking for and what would you expect to emerge from this subgroup?

**Hon Mr Snobelen:** Certainly we've asked the subcommittee to look at two very distinct things, one of those being how education funds are raised from the taxpayers in Ontario, and so they'll look at the suggestions that have been made by other committees and other panels



over the course of the last few years and take into consideration how we might best fund the system. So we'll be looking forward to their recommendations.

1540

Obviously, some of the things they'll be looking at that have been recommended by other studies are pooling of industrial-commercial revenues on a regional basis, on a province-wide basis, or perhaps removing education taxes from the property taxes completely, which was a recommendation of the committee a couple of years ago.

We have also asked them to have a look at the functions of education. We have asked them to have a look at who should provide transportation, who should build schools, who should maintain schools, who should do curriculum. We've asked them to give us recommendations on some very specific functions of the providing of education services in the province because we believe, and I personally believe, that it's necessary to have some opinions about who should deliver those functions before we have any need for dialogue about governance.

**Mr Patten:** There was some question about why Metro Toronto wasn't requested or invited to have some representation on that subpanel when they represent about \$2.3 billion, which is without question the largest single source of property taxpayers. I suppose that representation has probably been made directly to you, by letter or otherwise, knowing some of the people on that board.

**Hon Mr Snobelen:** I must confess that I have had letters from people in northern Ontario who would like to have a stronger representation from the north. I have had letters from people in the aboriginal community in Ontario who would like to have stronger representation of the aboriginal community. Francophones in Ontario have asked me if they could have some representation from the francophone community. The people in western Ontario would like to have a strong presence and representation on that subcommittee, and so would the people, oddly enough, in eastern Ontario, northern Ontario and southern Ontario.

What we've done is put together, I believe, a very good group of people on that subcommittee who are knowledgeable from different points of view about our education system, who are certainly committed to our education system. I think we have a very good panel, one that will give very careful consideration to these issues and that will bring back a report that will be useful to this government and to the province.

**Mr Patten:** Minister, you say, and I accept your statement, that you visit schools and you talk with different people, but based on what you say, it seems to me I hear different things than what you hear, which perhaps in many cases is understandable. The minister comes into the school. Some people are intimidated. Some people are overly kind or understate or underplay what they have, whereas with me, of course, there isn't that kind of worry.

I'd like to replay for you what I believe is the emerging context in the school community today and some of the cynicism that is beginning to emerge, and relate that to what appears to be your strategy for change. I talk to some groups who are saying, "We are prepared to cooperate with the ministry, with the minister, on looking

at what is that vision of the future, but we don't know where the minister is going."

There are so many things that are thrown out at the same time — some of those I will address if need be, but I'm sure this is the strategy — that it has immobilized and it has destabilized, in my opinion, the capacity of boards to even think through future directions, to the point where they believe it is a conscious strategy on your part and that this is a manner in which you can bring about change with the appearance of offering and asking for cooperation, and when it's offered it's not taken. This is what I'm being told by a number of the school boards, "We want to be part of the solution, and yet when we make the offer, it's not acceptable, and then the next day a new announcement comes through on another aspect that relates to the basis of governance, that relates to another crack at secondary reform" — by the way, that one is not a good example because people did expect that one — "then a new funding model, then the tax base etc."

The feeling certainly by a lot of teachers is that the minister does not have respect for teachers. "He must think we do not do a good job." I tell you this, that there is incredible demoralization among the teachers and there is a destabilization in the system. I do not share your belief that the system is broken, which is not to say that it cannot be ameliorated or that in some cases there shouldn't be significant change, because I believe that there should be.

**Hon Mr Snobelen:** If it's not broken, why would you change it?

**Mr Patten:** Because in any organization, as you well know as a trainer, you can always improve, you can increase your capacity. You make some changes to adapt to new realities, new needs, new clients or whatever it may be, changing needs, changing conditions. I don't think anyone would disagree with that. What's your reaction to all this, Minister?

**Hon Mr Snobelen:** I thank you for bringing it up, because my reaction is that in many of these assertions, and I guess you couldn't qualify them as assertions, but in these statements that you have made over the last few minutes, you are frankly either poorly informed or just plain wrong.

First of all, I will appreciate the fact that you can hear a great number of different stories as you tour the schools of Ontario, and it may be a function of what people say or a function of what you listen for, I'm not sure which, but clearly you and I have gotten very different messages.

As to the suggestions that have come forward to us by people in the education community, I'm pleased to tell you that we have followed up on each and every recommendation made to this government last year by school boards. We either have enacted their suggestions to assist them in making the system more affordable — we did that last year legislatively. We gave the school boards, among other things, permission to have a more accurate count date for student populations. We gave them permission to have a better way of administering education in school. We gave them, for instance, some better opportunities to cooperate between boards on transportation and other issues. We answered their requests for

assistance with legislative help, and where we were not able to help them legislatively in a short time frame, we have initiated pilot projects to examine some of their other recommendations.

Candidly and frankly, some of the suggestions made by school boards apply to areas that are not in the provincial jurisdiction, and when that happens we have asked the school boards where they have jurisdiction to address the situation. Some of those situations that were brought to our attention were in fact the school board's responsibilities.

I believe that where we've had the offer of assistance in having a more affordable, accountable and higher-quality system by our partners, we have treated those recommendations with more than seriousness; we've taken action on them.

As to the suggestion that this government hasn't been up front about what it intends for education in Ontario, I'm rather disappointed with the comment. Over the last year, we have made it very clear that we need improvements, improvements in the area of affordability — I think that's been pointed out on many occasions by many third parties — and in accountability. If you have any difficulties with seeing the need for improvement in accountability, I'd suggest you talk to parent groups across the province because they will tell you that they believe our system needs to be more accountable.

1550

**The Chair:** Thank you, Mr Speaker — Mr Minister.

**Hon Mr Snobelen:** Please.

**The Chair:** The Speaker's on my mind, actually. Mr Hampton, we are in a rotation of 15 minutes and it's time now for the NDP.

**Mr Howard Hampton (Rainy River):** I guess I should thank the minister for appearing. I understand he has declined to appear in some of the other forums that he's been invited to.

Let me, by way of preliminary comments, sketch out where I think the problems are. To more and more people across the province, it would appear that the minister now has the crisis that he said he wanted to create in his infamous video, "Cuts, Lies and Videotapes."

*Interjections.*

**The Chair:** Mr Hampton has the floor, please.

**Mr Hampton:** It is clear that this government's education policy is hurting kids, and that is the only policy that is being brought forward. It contrasts greatly with what was said in the Common Sense Revolution, where I believe the comment was, "No cuts to the classroom." The cuts so far have been over \$430 million from school board budgets. On an annualized basis this represents almost a \$1-billion cut to public education. Nobody voted on June 8, 1995, to have \$1 billion taken out of the school system. Now you have announced another cut to education budgets of somewhere between \$600 million to \$900 million. In real terms, that is a total of almost \$2 billion in cuts to education.

This includes freezing the capital budgets for school construction. More students will be required to do their learning in school portables. You've made junior kindergarten optional for school boards, which is another way of saying if people want junior kindergarten then the

school board will have to pay for it and they'll have to cut somewhere else. You've changed the funding formula to make it difficult for school boards to fund junior kindergarten. As a result of the changes, 25 school boards have already cancelled their junior kindergarten programs for kids. If that isn't affecting children in the classroom, then I'd be interested in knowing what your definition is.

You've announced funding changes that mean that adult education programs will be eliminated by many school boards, and yet as we read and look around, what we're being told more and more by people who are looking at the 21st century economy is that adult education is more important than ever, and equipping adults for education and continuing education is more important than ever.

Similarly, I could say with respect to early childhood education, or junior kindergarten, all of the statistics indicate that \$1 spent on early childhood education saves us \$7 down the road in terms of either having to put more money into special education, or more money into other services for children and youth because they end up getting lost in the system or falling out of the system.

It would seem to me that you have truly started a war: the review of collective bargaining; you've indicated that you want to eliminate school boards; the secondary school reform; the Who Does What commission looking at education financing. Your attitude is to throw everything at the education system, throw it into overload, and then create the crisis, knowing very well that with so many initiatives on the go it will be hard for the education sector to mobilize. It will be hard for people who really care about education to take on all those issues.

I've got a very simple message for you: You will not succeed in destroying our public education system. People across this province will fight you. More and more, people who have spent their lifetime dedicated to education are moving into an opposition mode to you and your policies. People will fight you because it is the kids who will be hurt by your reckless, mean-spirited, anti-education agenda. To put it bluntly, \$1.8 billion in cuts to education cannot but affect classroom education, cannot but impact on children.

We saw the crisis you precipitated with your toolkit. Now you are bringing in another massive cut because you realize that your previous budgetary measures don't add up. To pay for your tax cut you will have to cut and cut and cut from places like education. As you cut from education, you may say it is teachers, you may say it is boards, you may say it is administrators who will be affected, but the reality is that education is about children, education is about kids, and kids are the people who are being impacted by your cuts, and kids will pay the price.

You say the system is just not working, but I find it incredible that you would say that, especially in contrast to your Premier's comments. The exposition we saw earlier this summer was truly unbelievable: the Premier touring around Europe telling everyone Ontario has a wonderful education system, and it's had a wonderful education system, and that's why we have a productive workforce, that's why we are at the leading edge of some of the high-technology industries, and meanwhile, you're



telling everyone here that the system is badly broken. It doesn't add up; it doesn't add up at all.

In a speech to the Canada-UK Chamber of Commerce, the Premier said, "With the North American Free Trade Agreement more and more companies are choosing Ontario, Canada to access the United States and Mexico. Why? Because of our labour productivity, our business competitiveness, our education system, our quality of life and our lower costs."

The Premier isn't telling foreign investors that our education system is broken. He is not taking your line at all. Instead, he says that our education system is a good reason for people to come to this province and invest.

You have cut the budgets of community colleges by almost \$130 million, resulting in campus closures, course cancellations and the layoff of important teachers. You have increased college tuition by 15%, which means that colleges are becoming more and more inaccessible to people who need those education resources. You have cut almost \$300 million from the university budgets that the Premier was over in Europe bragging about. You have put higher education out of the reach of many by increasing university tuition by as much as 20%. You set up a panel with the view of privatizing Ontario's universities. This will mean only one thing: one education system for the wealthy, and another for the rest of us.

I would say that when we look at what you have done and what you are talking about doing in the field of education, it is very clear you have a financial cuts agenda; you have absolutely no educational agenda that makes sense at all. Frankly, I think that's what the Premier has been saying when he's been outside the country.

**Hon Mr Snobelen:** I just have a minute's response, just a quick response.

Thank you for your remarks. I think that certainly your class was demonstrated in your reference to the remarks I apologized for last year. Your imagination certainly has been demonstrated in the use of the number of \$1.6 billion. I don't know where you generated that number, sir, but I can only imagine it was in your imagination. Frankly, I've never come out with a number like that — now or ever — and the more you repeat a number like that, after it's been corrected —

**Mr Bud Wildman (Algoma):** Listen to the pot calling the kettle black.

**Hon Mr Snobelen:** — in the House, I'm surprised that you'd do that, sir.

I'm not surprised at the empty rhetoric, though. I've heard it before. If you look at what was said in provinces across Canada when they attempted to have a more affordable system, to improve their system of public education, you will find, time and time again, the same sort of empty, illogical rhetoric that you have just used over the course of the last 10 minutes or so.

1600

Let me tell you what we're committed to, and if you think it's wrong, then we disagree.

We think we should have a look at the administrative structures of our schools. We think we should look and see if we can't find a better, more cost-efficient way of administering education. We want to see if we can find a way to have parents be closer to the hub and the wheel

of education, to have their views reflected in the administration of education across the province.

We think a funding system which allows for as much as a 30% difference in the amount of funding available to a student based only, solely, on the assessment available in an area is just plain wrong. We think that provides second-class students in Ontario and we don't think that's right. Perhaps you do.

We think moving to an improved secondary school environment and a more relevant curriculum, moving in line with the other provinces in Canada finally, is a good thing for education.

I do agree with you about one thing, and that is that education is about kids. I believe you also said kids will pay the price. That's exactly the point. Kids do pay the price if we don't address the underlying problems we have in terms of affordability, accountability and even quality in our system. Kids pay the price. Kids also pay the price if we hand on to them the kind of debt that your government built over the last five years, if we hand on to them a diminished job opportunity, a slightly dirtier, slightly poorer province with higher debt. I think we hand that on to our kids and I think they pay the price.

Our government's actions have been responsible for making sure that we create not only a great education system for our young people but also job opportunities and taking responsibility for the economic condition of the province now instead of passing it on to the next generation. I think that's responsibility, I think that takes courage and real leadership and I frankly am proud of the things we've done in education and in other sectors over the course of the last 15 months.

**Mr Wildman:** Two areas: I understand that the minister was musing last week about a number of things: \$600 million more in cuts in grants, and he's got various groups out studying things like province-wide collective bargaining. He's mused about perhaps eliminating school boards completely, a significant change in the secondary and post-secondary education systems.

If we're looking at major changes at the secondary school level and at the post-secondary level, does the minister really think it's going to be helpful to continually criticize the very people who are going to have to implement those changes for them to work, teachers and boards at the secondary level, either because they're overpaid or underworked or don't have the courage to make the changes the minister believes are necessary? Wouldn't it be better to try and bring people along, to include them and involve them in the change rather than being critical of them and then expecting them, despite the low morale they might be suffering, to implement changes? Surely this is a recipe for disaster.

**The Chair:** Minister, you have about 15 minutes to think about that question. It's the Conservative's time.

**Hon Mr Snobelen:** If I make just one point before we move on, would that be acceptable, Mr Chair?

**Mr E.J. Douglas Rollins (Quinte):** I'll give him time.

**Hon Mr Snobelen:** Just this one point, because I hate to have this sort of thing go on public record and not be addressed: Perhaps if the member for Algoma can correct me on this, I'd be more than happy to be corrected on it,

but to my knowledge I have never criticized teachers in the province of Ontario.

**Mr Wildman:** You said they were overpaid.

**Hon Mr Snobelen:** I've never said that.

**Mr Wildman:** Or they should take a pay cut; if they're not overpaid, they should still take a pay cut.

**Hon Mr Snobelen:** I have not said that, sir. It would be useful I think in this discussion to not put words in my mouth, and I'll try not to do that with you, sir. I have not criticized teachers. I have said that I believe teachers on the whole are dedicated professionals. I believe that our government has recognized that in putting the College of Teachers together. It's a body that recognizes the professional stature of teachers in the province of Ontario. I've said that I believe most teachers, if not all teachers, get into the profession because they want to make a contribution to young people. I've said that repeatedly, time and time again, across this province because I believe that.

**Mr Rollins:** I too this morning had the privilege of going to the breakfast and hearing Mr Crombie discuss Who Does What and his theory of looking into the problems. He told us at that meeting this morning that under the Assessment Act they were trying to answer back to us as a government under four different groups: the county and rural; northern Ontario, the unorganized; the GTA; and the non-GTA. In that report coming back, pertaining to education he did not mention that education was in that form, but assessment was. Could you enlighten us a little more on that, whether that is something to do with the funding of the education system along that line too?

**Hon Mr Snobelen:** I'll ask Peter to perhaps give us some better advice on this. My understanding is that the subcommittee looking at assessment is doing just that, looking at four different classes and problems in the province. I am not sure whether that's going to apply on the funding formula. I believe it doesn't.

**Mr Peter Wright:** Peter Wright, director of education, finance branch. We're not deeply involved with the other panels that are operating there, but to our understanding the assessment panel is looking at actual value assessment and the implementation issues around it in the various areas of the province. Mr Crombie may have been talking about some of the issues they are looking at as they go ahead and look to implement AVA.

In terms of the education side of things, what they have been asked to do, as the minister indicated, is to look at the means by which revenue is generated for education across the province and whether commercial-industrial taxes should be treated the way they are now and whether residential taxes should be treated the way they are now. At least at this point, and the committee has only had one meeting so far, they have not differentiated the parts of the province in their discussions.

**Mr Rollins:** It was quite an interesting discussion this morning that Mr Crombie and his expertise brought to the table, because I think everybody realizes the expertise he has had, which was generated with his knowledge of being as much involved in municipal government and federal government. He was probably not as much involved in provincial government previously, but in the other two levels his experience has brought some knowl-

edge to that. He also stated that there were some subcommittees being formed, and education was one of them. That subcommittee will report back to you, hopefully by what time frame?

**Hon Mr Snobelen:** Originally, we had hoped that we'd be able to get that subcommittee report back to us at the end of this week. I believe that date has been put off at the request of the subcommittee. They'll be reporting some time in the next couple of weeks; I'm not sure of the date right now.

**1610**

**Mr Toby Barrett (Norfolk):** I wish to further address financing of our province's schools, perhaps following on Mr Rollins's question. I was speaking with the director of education of the Haldimand-Norfolk Roman Catholic Separate School Board, a small board, and the director brought an issue to my attention I'd like you to address in the broader scope of the province. The director of education advises me that the very small school boards in Ontario, such as the Haldimand-Norfolk separate board, are disadvantaged to invest in their students because of the nature of municipal tax assessments. I'm told that many small rural boards fall into an assessment-poor category.

Any time an assessment-poor board like this one receives a reduction in grants, they don't have the opportunity to make it up through assessment, they really don't have the leeway or, I'm told, the latitude to make reductions without affecting programs and classes. It's of more relevance for them in accommodating these kinds of changes than perhaps larger, assessment-rich boards. I wonder if you could use this as an example or perhaps as a bit of a case study to help me get my mind around the equity of financing with respect to school boards across Ontario or really with respect to schools and students across Ontario. What should we be doing for a more equitable means of financing education?

**Hon Mr Snobelen:** The heart of the question in funding is, not only how do we provide an affordable system that's of a high value to taxpayers, but how do we make sure that every young person in the province has the same opportunity to have a high-quality education? I don't believe our current GLGs, general legislative grants, allow for that in all circumstances. We attempted last year to mitigate the effect on small boards, and if you look at the history of general legislative grants you'll find a history that has many instances where previous governments of all political stripes have had to resort to a variety of instruments to try to bring some fairness to the funding system. Fundamentally, that points to me that the GLG system does not work to provide that equality of opportunity for students. I believe that the key component here is having a sophisticated allocation method that recognizes the different problems and different costs on a geographic basis across the province for individual students.

We know, for instance, that there are higher English-as-a-second-language costs in Metropolitan Toronto. We know there are higher transportation costs in rural Ontario. We've recently asked school boards to give us some help in further developing the recommendation of the Working Group on Education Finance Reform, to



give us some help in identifying and quantifying the variables in per-student costs of delivering education. I believe that when we have an accurate, useful allocation model — and I believe we're going to have one very quickly — we'll be able to get rid of some of the inequities that have been historically in our education funding system. My belief is that the key to this is a very sophisticated, very accurate allocation method that ties funding to real costs of delivering education per student.

**Mr Bill Vankoughnet (Frontenac-Addington):** Touching on something that is of concern in my area in eastern Ontario, the costs associated with different types of education — for example, French secondary school education cost per pupil as opposed to the English cost per pupil — it's been indicated to me that in 1984 costs it's almost double the cost per pupil for French secondary schools as opposed to the English system. Can you comment on that? You've touched on the fact that there are different costs associated with transportation and so on from urban to rural areas and so on, but that seems quite an exorbitant difference. I'd like you to comment on that.

**Hon Mr Snobelen:** I believe, in round numbers, that over and above the normal allocation for educational service the cost of francophone education in the province was about \$52 million last year, if memory serves me correctly, and about \$50 million the year prior. It does cost us a little more on a per-pupil basis to deliver French-language education in the province. There are some reasons for this that are very practical. One of those is that French-language text books, for instance, cost more than their English equivalents. I would suspect that's a volume issue. In recognizing our legal obligations in the province to provide French-language services, we are going to have a higher per-student cost delivering those services.

That said, I believe the francophone education system in Ontario, much like all the other components, needs to be examined to see where we can find efficiencies. I don't think that because we have a higher cost base it exempts that system from looking for efficiencies, looking for better ways of delivery. But we do recognize that at this moment in time we do have a higher cost of delivery inherently in that system.

I can tell you that I'm encouraged by what's happening in terms of technology. I believe technologies being introduced in the classroom will, over the mid to long term, bring those costs between the francophone and anglophone systems closer in line. I think we are seeing the traditional disparities between the two systems in terms of cost come closer together, and my guess is that over time those technologies will help them to be virtually the same cost base. But that's a fairly long way off, and we have to make sure we have allowances for the legitimate difference in cost because of the difference in cost of materials.

**Mr Vankoughnet:** Minister, I appreciate your comment. Just for the record, about a year ago, on June 16, it was reported that the difference was \$18,366 as opposed to \$7,179. To me and to many of my constituents, it seems quite an exorbitant difference. I do hope, as you say, that this will come somewhat together in the not-too-distant future.

**Hon Mr Snobelen:** I want to emphasize the fact that I don't exempt any part of the system from looking for better delivery methods, from looking for more affordable systems of delivery. Certainly there may be those opportunities inside the francophone system, as there are in the anglophone system.

**The Chair:** Could I just make a comment that in terms of the estimates for the Ministry of Education and Training, at 6 o'clock we'll have about an hour and 21 minutes left. Could we agree that after today it ends the estimates for them? We'll go back into them on Monday if we don't get agreement.

**Mr Patten:** Let me think about it. We can think about that, can we not?

**Interjection:** It can't happen now? He didn't agree.

**Mr Patten:** Minister, let me deal with a couple of little items here. You made comments a couple of times recently, once in the House and I believe on radio, that the majority of grade 9 students read or write at the grade 4 level. I think it was the literacy level. I'm wondering if that was a slip or whether it was a mistake or whether that's what you intended to say, that you really think our average grade 9 student's literacy level is at the grade 4 level.

**Hon Mr Snobelen:** Thank you for that. What I have said is that it has been said to me that the acceptable level of literacy, of performance in reading, for a grade 9 student, based on our tests from 1994, was grade 4. That's certainly not the average level, but that the level deemed by educators to be acceptable is in fact a grade 4 level of reading. That's apparently what various groups who have been monitoring these testing programs have said.

I have had a look, as I believe I said in the House some months ago, at the test results and I've had a look at the examples — I hope you've availed yourself of those as well — and the level of performance that we deem as adequate or acceptable in those tests is certainly not a high standard and certainly not a standard that I think would make very many students or parents pleased with the level of performance. Again, in no way does that represent the average performance, but that's what educators have said is acceptable.

**1620**

**Mr Patten:** Okay. I would just confirm that level 4 or 5 on a scale of 6 — one can say that — and we have comparisons of grade 9 students in terms of their literacy level.

There was another one I believe you mentioned yesterday. You said that the ratio of students to teachers in the classroom was 15.1 to 1. I'm led to believe that there is a difference between the teacher-pupil ratio and how many students there actually are in the classroom. Classroom size means when you walk into the classroom and the home teacher is there, you count the number of kids. The teacher-pupil ratio of course will include teachers who are not necessarily in that specific classroom; they may be specialists, they may be the librarian, they may be the counsellor. To mix up those ratios, to me, can cause confusion in the minds of people. I saw a lot of people, when you made the statement in the House,

kind of blink and go, "What?" I'd like to see a classroom with 15 to 1.

**Hon Mr Snobelen:** I think the ratios are instructive of this. Our ratio, I believe, is about 15.1 to 1. I'm not sure whether it's moved since that statistic was developed, but I believe it's about that, which is one of the lowest, if not the lowest, in Canada — I believe other provinces are closer to 17 to 1 — yet our average classroom size is about 24½ to 1. There are about 24½ students in the average class. It begs the question, where are the teachers? If our teacher ratio is the lowest, yet our classroom size is about average, don't we have an issue with the deployment of professional teachers in the province? That's the reason we introduced that ratio and I think it is instructive for that purpose.

**Mr Patten:** My understanding would be that apparently the average is about 16 point something in terms of the pupil-teacher ratio. We're at 15.1, so it is a little under the Canadian average. Of course, we know the reason for that. I believe it was our government that also recommended reducing the size of classrooms for kindergarten through grade 1 or grade 2, even. That was something the government required the school boards to do; they complied, and we would get those.

If you take just the high school level, I believe those figures would increase, and more recently those figures would increase. The figures I'm quoting are a couple of years old. I believe they are continuing to increase.

Some recent discussions in the last couple of weeks — my staff are doing some calling around to every school board and asking the impact of the cuts on their particular board etc. We don't have all the data yet, but the indication is that there are significant increases in the size of classes. Anyhow, let's leave that one for the moment.

Minister, have you had occasion at this stage yet to congratulate the Durham board on the recognition they've received?

**Hon Mr Snobelen:** Yes, as a matter of fact, I have. I've written them. I thought you might have, in your comments in the House — I was actually surprised at your comments, because not only have I written the board, but my understanding is that a senior member of the ministry travelled to Germany to be there during the awards presentation and that the MPP from the area, who I believe is Jim Flaherty, was there bringing congratulations from the Premier. I believe we've acknowledged and recognized that award and recognized the board and the people of the school system there for getting that award. I was somewhat surprised when it came up in the House the other day. Given all that attention, I thought that had certainly been acknowledged.

**Mr Patten:** I have an article here from the Toronto Sun, Lorrie Goldstein, a good NDP supporter.

**Hon Mr Snobelen:** It must be right, then.

**Mr Wildman:** I've always been very close to Lorrie.

**Mr Patten:** I thought so. The Sun makes no bones about its leanings, Minister, and here is Lorrie, who can be one of the most critical and tough reporters, essentially saying to you: "Come on. Our schools aren't that bad, are they? Take a look at some of the things." I raise this, as in my opening statement, because there is a sense that

you believe this whole system is just in bad shape, is broken and all these kinds of things, yet we continue to hear little signs of excellence and we see improvement. The StatsCan report on the literacy improvements recently was a positive sign. So there are some good things about the system. Here's even Lorrie Goldstein saying: "Come on, Minister. There are some good things in our system. How come everything is so bleak and why are you continuing to perpetuate this sense that it's all gloom and doom?"

**Hon Mr Snobelen:** First of all, I've been proud to acknowledge boards' individual programs that are world-leading in Ontario. I think we have every right to be proud of those programs, of those individuals. All the measures I've seen, and I'm sure you've seen the same numbers, place us in the middle of the pack, in terms of economically developed countries, in our student performance. We certainly are third in some surveys across Canada, fourth in other areas. We come higher than the middle, often, in a survey of education systems in Canada.

This is not an exact science. However, and I would hope you'd share this, I'm restless to be the very best, to have the very best education system for our students. While I acknowledge that we have some wonderful programs, some very excellent people, some great students, who are doing some wonderful things, I can't wait for a system where it's like that across the province.

Also, I want you to know that one of the things I found when I looked at innovative programs in different schools — and there are a great number of them in the province and I've had a chance to look at lots of them — is that there's always a champion behind those great programs, somebody who really believes it, and quite often there's a broken rule or two.

Quite often the people who are championing the future of education, having these innovative and great programs for students, are having to beat the system to do it. I think our education system should be supporting those folks who are innovative and who are delivering really wonderful programs to young people. They should be supported, not thwarted. That disturbs me when I see those folks thwarted, so we're doing what we can. I hope to evolve a system where they won't be thwarted, where they will be supported and where we can have some innovation and some great programs right across the province.

**The Chair:** Thank you, Minister. I understand that the Conservatives require a 20-minute break?

**Mr Wildman:** On a point of order, Mr Chair: I understand that what is being proposed is a break for a special caucus meeting for the government caucus. I believe that would require unanimous consent, and I am not prepared to provide unanimous consent. The reason I am not prepared to provide unanimous consent is quite simple.

In order to deal with the controversy in the House and what is going to happen tomorrow, I suggested to the government House leader that we adjourn for half an hour so all three parties could caucus and deal with the question of what we want to do tomorrow so we can get things back on track around here. The government House leader, for reasons completely mystifying to me, refused



to make that agreement. Now he's turning around and asking for an adjournment of this committee so that the government caucus can caucus. Why should I agree to their caucusing when they wouldn't give us time to caucus?

**The Chair:** I don't want a discussion. Since we don't have unanimous consent, I don't want to proceed with this at all because only under unanimous consent by House leaders are we allowed to proceed on this. But we don't seem to have it, so —

**Mr Wayne Wettlaufer (Kitchener):** Mr Chairman —

**The Chair:** Is it on this matter?

**Mr Wettlaufer:** — I would like to move a 20-minute recess.

**The Chair:** We'll have a recess for 20 minutes. Is it a motion?

**Mr Wildman:** On what basis? We're going to vote on it then.

**The Chair:** Yes.

**Mr Wildman:** I want 20 minutes for a vote. Maybe they'll caucus during the 20 minutes.

**The Chair:** Okay, we'll recess for 20 minutes.

*The committee recessed from 1631 to 1659.*

**The Acting Chair (Mr John C. Cleary):** All set there? The 20 minutes is up. The first order of business is Mr Wettlaufer has moved that the committee recess for 20 minutes.

All in favour of that motion? Those opposed? It's lost.

**Mr Wildman:** On a point of order, Mr Chair: Just for information, I hope the members take note of the fact that we gave them what they wanted without giving them what they wanted.

**The Acting Chair:** Okay, now that you're speaking, it's the New Democrats' turn for 15 minutes.

**Mr Wildman:** I wanted to raise a couple of things with the minister with regard to his comments in response to some questions from members of the Conservative caucus. If there is an attempt to equalize funding and deal with education finance, which I readily admit has been a problem for governments of all three political parties, how does the minister respond to this editorial of September 15, 1996, from a leading periodical, the *Toronto Star*, which says, "Education Minister John Snobelen has given a group of appointed experts just three weeks to recommend changes to education funding. Either he's setting up a panel to fail or he has already fixed the outcome. Evidence suggests the latter?" I'd like to give the minister the opportunity to respond to that assertion by this eminent journal, the *Toronto Star*.

**Hon Mr Snobelen:** For the most part, I don't respond to editorials, but I will respond to your comments and your question. I think it's a legitimate question. I met with the chairperson of the Who Does What committee, specifically talked about the amount of time that would be required to consider all of the reports that have been done on this subject over the course of the last number of years — and as I'm sure you're aware, many volumes have been written about funding of education in Ontario. We were satisfied that with the amount of work that has already been done on this subject, a committee of people could reach a conclusion and a recommendation in fairly quick order. In fact, we have been responsive to the

request by the subcommittee for a little more time. I believe they're meeting Thursday, Friday and Saturday and that we have agreed to a little more time so that they can give some very serious consideration to this issue.

While we certainly want to give the committee time to give careful deliberation, we also want to make sure that we move with all good speed to righting a problem in our education system, and that problem is that we have a situation where, in terms of funding, there are second-class students in the province, and I want to make sure that's not the case and that we correct that as quickly as possible.

**Mr Wildman:** In that regard, we have a number of inequities. As you've indicated, rural boards, northern boards, both public and separate, and separate boards in more urbanized centres of the province spend significantly less per pupil than large urban boards and are assessment-poor. There is some compensation for that, obviously, advanced to assessment-poor boards from the ministry. Is it the intent to bring those boards that spend — for instance, separate boards claim they spend about \$1,000 less per student than public boards. Is it the intention to bring that level of spending up to the expenditures that are current in the public system, on average, or to lower the expenditures in the public system so that we equalize downward rather than upward?

**Hon Mr Snobelen:** I think you're quite right to note that there are some mitigating factors in the difference in funding available to students across the province and that there are boards that operate substantially lower than other boards in terms of their per-student cost. One interesting note from this is that there is no correlate between the amount of money spent per student on education and actual student achievement, no correlate whatsoever. That would suggest that at least at the upper end of expenditures, there is no dividend in terms of student achievement, in terms of quality, from some of the spending that's currently going on in our system. That would be I think a fair observation, based on the facts that you've laid out this afternoon.

It's our intention to do two things. One of those is to make sure that we have a fair funding system, that we have a funding system that's designed around student need and not designed around systems; not designed around funding of boards, but in fact funding of students. I think that's a critical piece that needs to be done to make sure we don't have any second-class students in our education system.

**Mr Wildman:** That's why I referred to expenditures per pupil, rather than per board.

**Hon Mr Snobelen:** Yes. Our second objective is to make sure that our spending in the education system has an effect on student achievement, that we invest in areas that have an effect on how our students do, how much they learn, how well they get along in our school system. To that end, our commitment is to have sufficient funds available so that students can enjoy an enhanced quality of education in the province — all students, regardless of what system they're involved in.

**Mr Wildman:** Also, with regard to the Durham Board of Education, I've found your comments interesting in

regard to the comments that I made in the Legislature yesterday, although you didn't attribute them to me —

**Hon Mr Snobelen:** I apologize for that.

**Mr Wildman:** No problem. I spoke just before question period to Ms Audrey MacLean, I believe her name is — she's the chair of the Durham Board of Education — and to the director of education for that board. They did mention that Mr Flaherty had been at the Carl Bertelsmann Foundation award ceremony and they also mentioned that they believed the Premier had sent a letter to the foundation, but she was quite adamant, and so was the director, that they have not heard anything from you as minister or from anyone in the ministry directly to the board. I guess if you've just written your letter, that would explain that, but certainly as of yesterday around noon they hadn't received anything.

**Hon Mr Snobelen:** We'll make sure that a copy of my correspondence has gotten to them. I'll have someone check into that today, if not tomorrow morning, and make sure they've received my letter of congratulation. I have, of course, congratulated them publicly and will do so at every opportunity, and I have written them. The Premier, of course, extended his congratulations, and did so through a member of provincial Parliament, in Germany. In fact, a representative of the ministry was in attendance as well. So I hope that's a sufficient level of recognition of an outstanding achievement. I suspect there may have been some criticism from some quarters if the minister had been in Germany to watch that award.

1710

**Mr Wildman:** I'd like to turn to post-secondary, if I could for a moment. I was at the York University carnival this afternoon. The students at York were having quite an exciting, diversified number of events. One was a dunking booth where someone who looked very similar to the Premier was sitting on the chair and was rather all wet, and a number of other fun-type things with clowns and so on, and they even invited me as one additional clown to participate.

I noted for them that I brought greetings on behalf of you and your colleagues and I tried to explain to them why the post-secondary system was facing so many large cuts and why there were changes in tuition, even though we don't yet have the income-contingent plan in place.

I also noted the Premier's comments when he was in Europe and I have the speech he gave to the United Kingdom Chamber of Commerce. A couple of quotes: He's talking about why foreign investors invest in Canada and Ontario particularly, and he says: "Why? Because of our labour productivity, our business competitiveness, our education system, our quality of life and our lower costs."

Then he goes on to talk about a number of post-secondary institutions in the province. He singles out the University of Waterloo, McMaster University and the University of Toronto and points out that they rank among North America's top 10 computer, electrical and mechanical engineering schools.

"The University of Waterloo," he points out, "is a favourite recruitment source for Bill Gates's Microsoft Corp."

Then, he goes on to say, "According to the 1996 World Competitiveness Report, business leaders rank

Canada's education system ahead of the United States in terms of its ability to meet the needs of a competitive" society.

I note that you said earlier you haven't been critical of the elementary and secondary system and the teachers involved, but I don't hear you singing the praises of our system the way the Premier does when he's talking to foreigners. Why is it that we hear such a different description of the education system from you when you're talking to people in Ontario, whether they be business leaders or educational leaders or students, the general public in Ontario? Why can't we get this kind of description of our post-secondary system, congratulating them on their successes and how they're contributing to the economic competitiveness of Ontario, when you're talking to Ontarians?

**Hon Mr Snobelen:** I don't think you'll find a discrepancy between what I've said and what the Premier has said about Ontario's school system here or abroad or anywhere else. As a matter of fact, we recently celebrated the accomplishment of one of our school boards by having a member of the provincial Parliament in attendance in Germany when the award was presented and a senior member of the staff of the Ministry of Education, although not all the people in Ontario want to recognize our celebration of successes inside the education system. Sometimes, our actions and words are distorted by folks, and I don't know to what end. But occasionally I've seen —

**Mr Wildman:** I assure you I was very non-partisan in my description of your positions.

**Hon Mr Snobelen:** I would certainly, sir, not ever use you as an example of that.

However, every once in a while there seems to be a twist to things and sometimes it is very difficult to get positive news out about what's going on in Ontario. As I've said time and time again, I think there are certainly some excellent educators and some excellent programs both in our elementary and secondary school system and in our colleges and universities. Our colleges and universities have some world-leading programs and I'm sure, if the Premier had had time in his speech, he could have given an example of excellent-quality programs in all 18 institutions in the province and talked about some of the great things that are happening in our community colleges.

We do know, on the post-secondary side, that colleges and universities around the world are facing some enormous changes as we see the effects of the information age and the knowledge age on those institutions that are designed to both disperse and create knowledge.

**Mr Jack Carroll (Chatham-Kent):** Minister, I'm going to relate a little visit I had last week with an OAC English class in one of our local high schools in Chatham. I was appalled to have the teacher tell me that to have books for this OAC English class to read, she had to go to the local book exchange and spend her money to buy paperback books. In my conversation with the young people I suggested to them that maybe we didn't need to graduate more teachers and nurses, that maybe we needed to graduate more technical people because there'll be some jobs out there for those people. One young man



very adamantly said, "Why should we bother taking woodworking in this school, because we don't even have any wood to use in our woodworking shop?" Then I had a grade 5-6 teacher tell me, again in Kent county, that her 27 students in grades 5 and 6 only have six English textbooks to share, so all the students cannot read at once.

Having been a teacher at one point in my previous life and having been a student a long time ago, I was appalled to hear these stories about a lack of what I would consider to be basic supplies available to our students. Could you comment on that? Is that widespread, in your opinion or in your visits, or is this an isolated case of a very efficient board in Kent county that is cutting corners maybe in some areas that aren't as wise as they should be?

**Hon Mr Snobelen:** I don't believe that's a widespread situation, but any circumstance where we've made choices to trim back on basic materials that many people need to obtain an education are bad choices. We've asked our education system to reduce its expenditures by 1.8%. If those reductions affect the classroom, it's a function of poor decision-making, poor choices being made at some point in the system.

There is no reason for it, and in a system that spends \$70 million a day, there's no excuse for it. We have some great dichotomies in our system. We have made choices in the past that I believe have not helped student achievement and have driven up costs in our system. One example of that may be a system where we have doubled the amount of money we have made available to technology partnership programs. There are some demonstrable, positive effects on student achievement in the use of some very exciting technologies that are available to educators now.

We have committed a further \$20 million to the development of those partnerships that will provide those technologies to our teachers and ultimately to our students. Yet, in a system where we can celebrate that investment of \$20 million, which is certainly not an insignificant amount of money, we also have a situation where we will spend almost \$1 billion in taxpayers' contributions to a pension fund that has an experienced gain of \$1.3 billion in the current year.

I think we have to have a look at the choices we're making in education and make sure they're predicated on having the best system we can have for our students and making the best value decisions for taxpayers. That has not been the case across the province, it certainly has not been even across the province, and the examples you've just given are I think very good examples of poor choices, of making poor decisions in how to invest taxpayer dollars in an education system that makes a difference for students.

1720

**Mr Carroll:** One other quick question, and it involves teacher contracts: I know we have 160-some boards in the province. I would assume, with local bargaining, that we end up with quite a variation in contracts that are signed. Obviously in Kent county teaching salaries would not be the same as they would be in Toronto, with local bargaining. Can you share with us what kind of variance

there is across the province in teacher salaries and in benefits as a result of local bargaining?

**Hon Mr Snobelen:** Recently, as you know, we set out to review Bill 100. I think those who are conducting that review, particularly the person put in charge of it, Mr Paroian, who's from just a little bit past Chatham, from Windsor, were quite surprised when they reviewed the contracts to find that there was relatively little difference between the contracts across the province both in terms of the teacher-student contact ratios that are spelled out in those contracts in the compensation and in most benefits. There are some differences, but very few differences.

This points to the fact that in many circumstances, while boards in areas across the province, like Chatham, are negotiating on a local basis trying to address the needs in a local area, many unions have and do take a provincial attitude and a provincial posture in the negotiating. We end up with a system where we have one side of the table negotiating provincially, one side of the table negotiating locally and some of the compensation issues not on the table. This is one reason I'm pleased that we're having an independent review of the past history of Bill 100, of bargaining in the province, with some view to what might be done to help that, to assist it, to make it a better system and a more fair system because clearly there's a dichotomy in that.

**Mr Tony Clement (Brampton South):** Mr Minister, it's good to have you here to be able, hopefully, to delve into some issues of how we spend money and how that pertains to priorities of the province and its citizens. I had a couple of questions. The first one involves the university system.

My colleague Mr Wildman drew a rather humorous description of a recent visit he had. It reminded me of some demonstrations to which I was witness when I was in university 15 years ago. One placard that was decorated for the benefit of the education minister at the time read, "Tighten Your Own Belt, Fat Lady," which was a reference to Dr Stephenson. I didn't think it was a particularly nice reference, but I think the person who fashioned it —

**Mr Wildman:** Whoever painted it sure as hell didn't want Bette to see it.

**Mr Clement:** That's right. The irony of ironies is, and my memory is a bit clouded, but the person who fashioned the sign either became an investment banker or he might be on the Toronto Star editorial board. I can't quite recall. It's in deep recesses.

The question I have on universities is about an increasing intellectual ferment on alternative ways of looking at the structure of the university system. There was a recent monograph I read by Dr Auld that posited that perhaps now is the time to construct in Ontario and in other jurisdictions private universities and now is the time to consider in our jurisdiction privatizing parts or all of the university system.

I'd like to know what you see as the impediments to that project and whether those impediments are so insurmountable as to make the project not on.

**Hon Mr Snobelen:** It's a great question. In my observation of the system both here and in other jurisdictions, what people mean by a private university or a

private college is quite different. If we look at the US models we often, when people think about private university, think about Harvard or one of the very old institutions in the United States. By some definitions those are not truly private institutions. They certainly are chartered differently than the institutions in Ontario, but they depend on a large amount of both state and federal funding. We see in a lot of our publicly funded, autonomous universities in Ontario a request to offer some of the programming, some of the different accreditations in a more private fashion. There generally has been a request over the years for deregulation of tuitions in some specific programs.

Also, there is some considerable competition for students in different program areas from offshore, and increasingly the Internet has made available a large number of educational products, if you will, at the post-secondary level from institutions in the United States and around the world. Very quickly the post-secondary sector is becoming a global sector, competing globally, and the questions for Ontario are: How do we help our institutions be competitive in that global marketplace? How do we help them respond to that reality? How do we support students? That's why we want to have a public discussion and that's why we wanted a discussion paper, because we believe it's going to take good, solid public policy to guide this sector for the next 10 years, and there's an enormous amount of change facing us.

I don't think that you will see emerge over the course of the next decade anywhere in the world the types of private institutions that will resemble Harvard. What you may see, though, is an increasingly competitive environment with organizations like the University of Phoenix, a publicly traded corporation that offers both graduate and undergraduate level education to people who are all adult learners and who are all employed. They have targeted a piece of the market and they deliver to that marketplace. I think you'll see very specific organizations around the world designed to meet the needs of a very specific clientele, and our Ontario universities will have to both become more specialized and compete in that environment. I don't think that what people classically think of as private institutions will be the future; I think there's a whole new breed of university and college emerging, and it's our job to make sure that Ontario institutions can be competitive in that environment.

**Mr Clement:** With the Chair's permission, since this is a committee on estimates we should probably talk about how we spend money and whether it goes to the intended consequences. You've talked a lot in the past and we as candidates had talked a lot in the past about the expenditures of the ministry versus the intended results and that there was a dissonance, a bifurcation of that in the sense that we tended to be at the top end if you look at the 25 OECD countries, at the top end in terms of expenditures but at the middle end in terms of results. You very correctly have said we have wonderful exceptions to that, where we have wonderful students and wonderful teachers and wonderful school boards, but if you look at the global picture, we're at the top of the heap in terms of spending and 13th or 14th out of 25 in terms of results.

The question I have is, what are some of the lessons you and your ministry are internalizing from other jurisdictions in the sense of funding and paying for quality that we can, in turn, apply to the Ontario situation to get better results?

**Hon Mr Snobelen:** If you look at the circumstances just in Canada you'll notice that a number of provinces have addressed over the past few years restructuring their education systems. I think New Brunswick is one of the more recent, Newfoundland I think is a rather famous example of looking to restructure, but all the provinces have attempted to get better value for their tax money. Nova Scotia, British Columbia, Alberta, all of these different strategies have met with fierce resistance from the status quo, which has been our experience over the past 15 months, certainly. All of them were addressing what they thought were cost areas that needed to be addressed. Some of them addressed teachers' wages. That happened in several provinces. Some of them have addressed the overregulation and overadministration.

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**Mr Patten:** If I may make a comment in relation to the question that was just asked by Mr Clement, all of these comparisons, every single one of them that I've studied has a flaw. I have not yet seen anything that, when you get into the secondary analysis of the comparisons, stands up. That goes when we use comparisons across Canada, the international comparisons. For example, in some of the countries that are ahead of Canada, they are very homogeneous, they do not deal with special needs, they do not deal with universal access to their systems. When we take those kinds of considerations into it, yes, we are paying more, but we're paying more from a different value base that affords us a different kind of respect to people in our community and kids with learning difficulties or children who have developmental problems.

I always throw that in, because I think it really is important. We undermine our own self-respect, because when people look at us and they come to visit schools in Ontario, and many do, they're amazed. My God, it's not like Japan, where you're comparing a very elite population and then making comparisons to a totally open system. So I just like to throw that caution in there, and I repeat, there is not one comparison that I've seen with Ontario schools, whether it's in Canada or internationally, where when you get into it, you truly compare apples with apples all the way down the line.

I'd like to deal further with, as Tony has said, that we're here in estimates and, Minister, you were quoted to have said, "We're looking at an additional \$600 million to \$900 million that needs to be found in the system." If we take the \$400 million and add \$900 million, we're talking about \$1.3 billion, about which some people who are more cynical than I would say, "Isn't that a coincidental figure, because that's what the minister is looking for to contribute to Ernie Eves's task, of course?" and that's to find extra money because of the lost revenues to balance the budget.

**Hon Mr Snobelen:** Just to help you, whatever the question might be, and just for the public record, for the fourth time today, I have not said that.



**Mr Patten:** So you were misquoted.

**Hon Mr Snobelen:** I have never been quoted as saying that.

**Mr Patten:** Yes, you have been quoted as saying that.

**Hon Mr Snobelen:** I have not read a quote that said I said that, and if someone has quoted me to that effect, I have never said what our reduction, what our savings target might be for this year. I have said it's not determined; I have said —

**Mr Patten:** This was at your retreat.

**Hon Mr Snobelen:** As far as I know, what I've been quoted as saying there is what I said: that we will determine by looking in our system and seeing where savings are available what might be the savings for this year. It has not yet been determined, and I have not read anyone quoting me as saying that. If you have, I would like you to bring it to my attention so I can correct it, but for the fourth time today, that is not accurate.

**Mr Patten:** That's good; I'm glad to hear that. In the event that it is —

**Mr Rollins:** It might be more than that.

**Mr Patten:** I would like to add to the list of impacts, because I believe you when you say you don't want to touch the classroom. But the information we're gathering suggests that it's happening now, so I become doubly concerned when I see a figure of \$400 million, and you'll remember from last year when that \$400 million was made up — Minister, you know these figures by heart. I believe \$331 million was really the freeze on capital, so we had more money in that \$400 million that was on capital and not on operations. So when I hear possible increased cuts, not to be determined but some people suggest in the neighbourhood of another \$600 million, and then you take the freeze off capital — and I would like to ask you if you plan to take the freeze off capital — but that becomes annualized, it means there's an additional \$230 million from operations that the school boards will have to absorb. Could I ask you that question?

**Hon Mr Snobelen:** I had that; he's right. That's it on numbers, \$233 million and \$167 million. The assistant deputy and I both arrived at the same number.

Let me go over just for a moment — and I say this with no disrespect — the preamble for the question, which was where we are in our system versus other jurisdictions. It is very difficult to measure quality of student performance, in part because it would seem that there is some reluctance to measure student achievement in all systems, and certainly a reluctance to do that in our system, so the real value is how students perform, the amount that they learn in school, versus the cost of education. I think value is the real key piece here, not just cost. I think just cost is a bad measurement. So it's very difficult to determine. We can determine it in a rounded way, but it's not a precise science, and I certainly agree with that.

Our third-party observers — OISE, other people who are familiar with the education system —

**Mr Wildman:** Oh, I thought you were referring to us.

**Mr Patten:** The other third party.

**Hon Mr Snobelen:** Remember when we did our blueprint in 1992? We in fact were a third party.

They've all observed that Ontario has an extraordinary level of expenditure in our system, and most of the measures that we have of student achievement would place us in the middle of the industrialized pack.

I was surprised when I assumed the responsibilities of minister to find that we had a system with no common sense of purpose, and I think that was underlined by the royal commission, no common quality measures and no common spending indicators. I believe that a system needs to have common quality measures, so we've initiated the Education Quality and Accountability Office. Late in the term of the previous government they brought this forward. We have brought in the legislation and made it a fact in the province because we believe quality measures are important. And we are moving to have common spending measures because I think that's fundamental work if you want to have a good system. That's some of the repair work that's ongoing now.

In terms of where we are with capital, I come from the riding of Mississauga North, and I went to school at Thomas L. Kennedy Secondary School more than a decade ago — although that's, I'm sure, somewhat of a surprise to you, it has been over 10 years now — and there were a number of portables at that school when I attended it.

We have had accommodation problems in our system for a very long time, and there are any number of people who will tell you the methodology we have of doing capital construction is not useful. We have not only put a moratorium on building this year for projects that were not in the ground, not ongoing, but we've initiated a study that will be in very soon on how we might learn from other jurisdictions how they have changed how we build schools and how we fund schools to make sure that we have schools ongoing when they're needed.

I have talked to any number of constituents who have bought in new developments on the assumption that a school will be built in the very near term close to their home and in fact have had to bus their children many miles for five or six years. If you have a student who is in grade 9 and a school is built five or six years after you move in, it doesn't do you a lot of good, hopefully.

We want to address that. We think we have to do some better things in the area of capital, and we intend to. I will have that report very shortly, will digest it, and we will come out with a better capital program.

One of the things we've asked the subcommittee on Who Does What is to have a look at who should be involved in capital construction, who should be building schools. I think it's an area where we might be able to find a better system, a better way of meeting the needs of parents, and a more affordable system for the taxpayer.

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One of the things that we've asked the subcommittee on Who Does What is to have a look at who should be involved in capital construction, who should be building schools. I think it's an area where we might be able to find a better system, a better way of meeting the needs of parents, and a more affordable system for the taxpayer. So we are not only committed to building schools in the province, but we're committed to doing it in a better fashion, in a better way.

**Mr Patten:** So is the freeze on or off?

**Hon Mr Snobelen:** We said when we put the freeze in that it would be for a year and that over the course of that time we would come up with a better capital program, and that's what we intend to do.

**Mr Patten:** So the freeze is off — maybe. Sort of. Kind of. Perhaps.

**Hon Mr Snobelen:** I hope that we don't return to the status quo. I hope we have a better system of capital.

**Mr Patten:** Listen, I agree with you. If we can do things in a different way, that's better. My assumption from your message is, "Look, we're going to change the system, we're going to do it more effectively, but we're not going to negatively impact the classroom."

**Hon Mr Snobelen:** That's correct.

**Mr Patten:** I have no trouble with saying there are different ways of building schools and there are cheaper ways. That's fine. Great. Let's do it. Let's look at it and let's look at everything. What I'm saying to you is that — and I believe your colleague gave you a few examples — there are more examples. There's enough evidence there now that says the classroom is being adversely affected.

That can happen in two ways. One is, boards are not taking their findings for reductions in areas from administration and they're passing them along to the classroom. That's one possibility. The other is that they've done that and they can't see how else they can save, so they cut everywhere else. All I'm saying is the net result — and I would invite you to some schools in my area. As a matter of fact I have one here, and I don't know if my time — how much time do I have?

**The Chair:** You've got about three minutes.

**Mr Patten:** There's one in particular that I'd like to make reference to. I'm saying if there have been cuts thus far of only \$167 million to operations and \$233 million to capital — and in your riding you would certainly know that and you must have paid a price for that from some of the people in your riding on the freeze to capital — if we're looking at anything highly significant, another \$100 million, \$200 million, \$300 million, \$600 million from the system, at the moment there is no way I can see the classroom not being adversely affected.

If you talked about rearranging resources — in other words, take some of the resources from administration and apply that to helping the classroom teacher with tools and updated technologies and things of that nature of high significance — and I agree you've doubled the computer program. It's still not enough; I'm sure you would agree it's not enough. That's got to be not doubled, it's got to be 10 times that over many years because a lot of the technology and computerization that's in schools now, for most of them, is out of date. I can show you schools that have computers that are literally given away from the federal government, various departments. They've learned the skills and been able to reconvert and renovate some of these computers, and that's what their computers are. These are not the latest IBM computers or Macintosh, whatever they are.

If you're looking at further cost expenditure cuts, how do you assure — by the way, I want you to know that I agree with a common funding model with flexibility for

acknowledging differences. I agree with that. I think that's important and I think you know that we likewise propose having that sort of thing. It depends again on flexibility. But I still come back to the worry that the classroom will indeed be affected. What assurances can you give us on that?

**The Chair:** Do you want to give the assurance after Mr Wildman's time.

**Mr Wildman:** I'd like to follow through with that. I'd like to give some specific examples to the minister. As he knows, I represent a northern rural area. Jack Carroll visited Wawa last year. He knows the kind of community I'm talking about. I met last Thursday with representatives of the Michipicoten Board of Education and the Michipicoten District Roman Catholic Separate School Board and the Chapleau Board of Education. On Friday I met with the Hornepayne Board of Education. Chapleau is about 3,000 people, Wawa is about 4,000 to 5,000 and Hornepayne is about 1,500 people.

I want to take a couple of minutes and describe to you something about these systems. These are the kinds of systems that have been in place in education in these communities for some time; it isn't just recent. In Wawa, the two Michipicoten boards share one administration. They have one business administrator who does the business administration for both boards. He has a staff of two or three: a secretary, someone in charge of tax collection, that kind of thing. They have — I'm not sure of this — one or two part-time supervisory staff. They're retired people who have worked as superintendents in other systems and who, on a part-time basis, carry on supervision of teaching staff.

In a similar way, the Chapleau board shares administration with the Chapleau District Roman Catholic Separate School Board.

In Hornepayne, they don't share administration because the coterminous Catholic board is an isolate board. We won't get into what an isolate board is here; it's not something you have in southern Ontario. What they have done in the public board in Hornepayne is that they have two schools, a high school and an elementary school. They have one principal for both of those schools and they have a part-time vice-principal for both of those schools. They have one, as I think she's called, secretary of the board, or secretary-treasurer, but essentially she's a business administrator who's full-time, and one part-time, retired supervisory official. That's the administration of these boards.

These boards took these measures a number of years ago because of the need to be serious about cutting the tax expenditure in these jurisdictions. These boards are very concerned that the cuts they faced last year, in their view, did not properly take into account their frugality. They believe that they were hit harder because they were frugal in the past as compared to large urban boards that had not made these kinds of savings in the past.

It is a very serious situation because both the Hornepayne board and the Chapleau board are telling me that if they face cuts again this year of the same magnitude, even taking into account the small board assistance you gave — as a matter of fact, Michipicoten didn't qualify for that. They don't understand why, but partly because



they were so frugal in the past it didn't work out for them. They resent too that some larger boards got it and they didn't. Anyway, that's another matter. What they're saying is that if they get a similar level of cut this year in Chapleau and in Hornepayne, they're going to have to close their high schools. They're not talking about affecting classroom education; they're talking about closing schools in both communities. They don't see how they can operate.

I know Mr Nameth went and met with the Hornepayne Board of Education prior to my meeting with them. He talked to them about some things they might do in terms of distance education and so on that might help, but it's not going to solve the problem. The problem is not this year; it's next year, if they face further cuts. Many would say, "There's lots of fat in the system." I'm not talking about that; I'm talking here about three systems where there ain't no fat in terms of administration. I've described to you and been quite straight about the administration of these boards.

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You tell me, are these boards going to get consideration? I don't mean just these boards; I mean boards that have done similar things in other small communities across northern Ontario and perhaps other parts of rural Ontario. Are they going to get some consideration? Because they cannot sustain the kinds of cuts they had last year again in the coming year. They won't be able to operate at the secondary level. They can still continue operating at the elementary level; the classes are bigger. They've done things with junior kindergarten. They've either eliminated them or combined them with senior kindergarten, those kinds of things. They can continue to operate. They've cut special ed. They didn't have much special ed before, but they've cut what they had in terms of that kind of stuff. Are they going to get consideration?

**Hon Mr Snobelen:** First of all, I was just handed a copy of the estimate of the 1996 grants for the Hornepayne Board of Education, which indicates a reduction in 1996, based on the board's estimates, of 0.06%, so we were able to mitigate the reduction to that board and certainly it's not anywhere near the level of 1.8% that is the provincial average.

I do think, though, that your comments are well taken and point to two things. I haven't talked to this particular board, but I've talked to many rural boards across the province and they have told me two things, both of which I agree with. One of those is that the general legislative grant process that's currently in place is not effective in recognizing their needs. They would welcome a sophisticated model of allocation based on student needs that can be demonstrated across the province. That is why we're going down that pathway, because we think that's the responsible way of making sure that the kids serviced by the Hornepayne Board of Education get the same level of service and the same opportunity as kids anywhere else in the province of Ontario. I think that should be a bedrock and a foundation of our education policy. It has not been till now. These boards have expressed difficulties with general legislative grants for a long time, and we are listening and responding to them.

The second thing they have suggested to me is that in many cases, and I'm not sure if this is the case with this particular board, they are subject to made-in-Toronto contracts with their employees, that they have cut some areas of their administration but are unable to do that in other areas. For instance — again, I can't speak to this board — in many rural boards they find themselves overly burdened with administration in terms of in-school —

**Mr Wildman:** I should have added that all of these boards cut teachers last year; they cut the number of teachers they have.

**Hon Mr Snobelen:** I can't speak about this particular board, but I think there are many rural boards that will tell you that the number of department heads, for instance, in a high school is greater than they would like it to be, greater than they think could be useful and effective, but they are subject to contract language that was designed in Toronto.

**Mr Wildman:** To be fair, I have you at a disadvantage, but the Hornepayne board does not have any department heads.

**Hon Mr Snobelen:** Again, I cannot speak to that board. But that's the sort of thing the boards are telling us. We think we're addressing both of those with a sophisticated allocation model, with a better model of funding education, and also with the review of the services that's ongoing, including the Bill 100 review. I think we're taking them directly. We've heard the very real concerns of boards across the province and we're addressing those concerns. You can rest assured that we take those seriously, that we understand the channels in different parts of the province very well and that we're addressing those.

**Mr Wildman:** Can I just say one thing? Perhaps it'll give the minister an opportunity to clarify some comments that have been attributed to him. If they haven't been properly attributed, then fine. In these particular boards, they've cut to the bone. They have very few students. They have low assessment. They're in a tough situation. They've been serious about making cuts. They've cut numbers of teachers.

The reason the Hornepayne board is in difficulty with the high school program is that they say if they have to cut more teachers, they won't be able to provide a program. They won't be able to provide options that will keep the kids there. That means the kids will transfer out. They'll board somewhere else, attend somewhere else. Their grants go down because of that and it becomes a spiral.

In communities like this, isolated northern communities, it's not easy to attract teachers. Even in a situation today when teachers are really looking for work, it's hard. So they tend to pay them well. If one of the solutions is to cut back on teachers' salaries, it's going to make it even more difficult to attract teachers to these small communities.

I hope I can give the minister the opportunity to clarify. A little bit earlier he said that he never said it and that, if it's been attributed to him, it's not true that he said that teachers were overpaid. Has the minister talked about teachers taking a 3% cut in order to make it possible to meet some of the other needs in education?

Is it also true that the minister has been critical of boards that have contemplated tax increases to make up for cuts in grants? Because in these particular boards I'm discussing, to make up for the losses they've had in grants, they told me they would have to increase their taxes by \$500 a household and they can't do it.

**Hon Mr Snobelen:** I have been critical of boards that have raised taxes by more than the savings target we've asked them to make. I think that's not responsible. We're hearing from the taxpayers across the province, who need some relief, and so we're asking people to be more efficient and to find efficiencies. I recognize, as I said earlier, that there are circumstances where there are boards that have very little fat to cut in some areas. We have addressed that; hopefully, we helped to mitigate that last year. That's why we're making the fundamental changes we're making now.

As far as salaries are concerned, I have said that we are not the direct employer of teachers. We've released without comment information that indicated that Ontario's teachers are well compensated versus their contemporaries across Canada and that they spend, at least in the high school panel, less time in class than do their contemporaries across Canada.

I would draw your attention to the fact that if you talk to the faculties of education, you will find now that there are very few opportunities for employment for young teachers in Ontario. It's a great concern of mine and it's a great concern of our government's. You will find that these people — and if you read the popular press you'll see that there have been reports on this — are taking jobs in foreign countries for as little as \$14,000 a year; I think that was the number quoted in one of the major papers recently.

Perhaps the circumstances may have changed recently in terms of employment and perhaps the availability of teachers in the north has changed given the fact that students seem to be willing to travel tens of thousands of miles to receive very little compensation to make a difference with young people. I'd suspect that some of the employment conditions may have changed in this field over the last couple of years just by virtue of the fact that the numbers of teachers are not expanding.

**Mr Wildman:** On the specifics, I would like some discussion with some of your staff.

**The Chair:** Maybe you can do that on Tuesday.

**Mr Wildman:** No, I don't mean here in the estimates; I mean outside of this. We've got to do something for these boards or the students are going to be in real trouble in those communities.

**Hon Mr Snobelen:** We are certainly addressing the assessment model and the funding questions.

**Mr Patten:** Mr Chair, I would like, if I may, to make a correction to the record. I referred to the breakdown of the operating capital as being \$233 million for capital. That should be reversed: It's \$233 million for reductions to the operating and the capital was \$167 million. I was in error and I apologize.

**The Chair:** Before we all break up here, we have about two hours left of the ministry's estimates. That will resume on Tuesday. The minister will not be here on Tuesday, but he's made available the parliamentary assistant. I would also announce that by the time we complete the estimates of the Ministry of Education and Training, it will be about the end of Tuesday. Then I would ask that the Ministry of Health starts on Wednesday. If that's okay, we stand adjourned until Tuesday.

*The committee adjourned at 1801.*









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**Vice-Chair / Vice-Président:** Cordiano, Joseph (Lawrence L)

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Mr Frank Sheehan (Lincoln PC)  
\*Mr Wayne Wettlaufer (Kitchener PC)

*\*In attendance / présents*

#### **Substitutions present / Membres remplaçants présents:**

Mr Bud Wildman (Algoma ND) for Mr Bisson  
Mr Richard Patten (Ottawa Centre L) for Mr Cordiano  
Mr Howard Hampton (Rainy River ND) for Mr Martin  
Mr Bill Vankoughnet (Frontenac-Addington Ind) for Mrs Ross  
Mr Jack Carroll (Chatham-Kent PC) for Mr Sheehan

**Clerk / Greffier:** Mr Todd Decker

**Staff / Personnel:** Mr Steve Poelking, research officer, Legislative Research Service



# Legislative Assembly of Ontario

First Session, 36th Parliament

# Assemblée législative de l'Ontario

Première session, 36<sup>e</sup> législature

## Official Report of Debates (Hansard)

Tuesday 1 October 1996

## Journal des débats (Hansard)

Mardi 1<sup>er</sup> octobre 1996

### Standing committee on estimates

### Comité permanent des budgets des dépenses

Ministry of Education  
and Training

Ministère de l'Éducation  
et de la Formation



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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATESCOMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Tuesday 1 October 1996

Mardi 1<sup>er</sup> octobre 1996*The committee met at 1535 in committee room 2.*

## MINISTRY OF EDUCATION AND TRAINING

**The Chair (Mr Alvin Curling):** I call the committee to order. We have an hour and 52 minutes left of estimates for the ministry. Last time, I mentioned the minister would not be here. The parliamentary assistant is in place and has said he's quite prepared to answer any questions you may put forward to him. If the government side would like to start off, it's a 20-minute rotation.

**Mr Tony Clement (Brampton South):** I'll start, if my colleagues would like to give me that opportunity. I'd like to welcome the parliamentary assistant here to our standing committee on estimates. You've been ably represented by the minister over the past little while at this committee and we've been able to get into a lot of the forward-thinking details of the ministry and how it's going to protect education for the future.

I thought since you are here, I'd allow you the opportunity to talk a little bit about secondary reform, because I know — correct me if I'm wrong — that not only are we going out in terms of a public review of some of the proposals there, but I think you're very much involved in that process as the parliamentary assistant. So I was wondering whether you could elucidate for the committee what your role is going to be, how you see secondary reform going and what you see as the major issues that we'll be tackling in that process.

**Mr Toni Skarica (Wentworth North):** I'm chairing the committee hearings that will take place in Ontario in the next two months, in October and November. Probably in November we'll be going throughout Ontario to hear from educators, students, teachers, parents, anyone involved or who has an interest in education, as to how they think secondary school programs should be delivered.

There is a discussion paper that has been prepared and I think there are two million copies that will be distributed. That discussion paper came as a result of discussions between Conservative MPPs and bureaucrats within the ministry. Eventually that document was prepared, and it's a starting point.

I agreed to chair the committee hearings on the basis that this was genuine input. I think many people are concerned — all governments, whether it be ours, the Liberals or NDP — that decisions are made ahead of time and there isn't real input. I've been assured by the minister and by the people involved that this is genuine input, that we are looking for real input as to how we should proceed. We all have an interest, regardless of political stripe, to have this reform take place and to have

it done right, because it's our children's futures that are at stake.

That's basically what's happening, and we'll proceed over the next two months.

**Mr Jim Brown (Scarborough West):** Charter schools are a major source of discussion in some of the circles I'm in. Do you have any plans for charter schools, and if so, what might they be?

**Mr Skarica:** To the best of my knowledge, we don't have any plans at the present time. I think the ministry's going to observe what's happening in Alberta. There are charter schools opening up there. There are charter schools in about 17 states in the United States, I think. At the present time, I think we're having a monitoring situation.

**Mr Wayne Wettlaufer (Kitchener):** Mr Skarica, a number of weeks ago I had a presentation in my constituency by the private schools association. They are the ones whose members are the business colleges. They do not have the authority to issue diplomas, to offer diploma courses, yet they presented statistics indicating that 47% of their students are actually graduates from a university or a community college. I was wondering if we have any intention or any thoughts on allowing them to offer diploma courses.

**Mr Skarica:** I'm going to defer to Ms Andrew, who can give you better information.

**Ms Joan Andrew:** The role of accreditation in the post-secondary system is one of the issues that the post-secondary education panel will be reviewing. At the moment, private vocational schools can issue diplomas of their own recognition. It's not that they can't issue diplomas; they issue different diplomas than the community colleges in Ontario. There is an accreditation system with the private vocational schools.

**Mr Wettlaufer:** But it is under review?

**Ms Andrew:** Yes, as part of the post-secondary review. The issue of appropriate levels of sharing of responsibility for post-secondary education among the private sector, government and students is part of that review.

**Mr Clement:** I'm quite conscious that this is the standing committee on estimates, so I always like to come back to numbers and money at some point during the presentation. I don't know, call me crazy.

I wanted in particular to ask a very general question but it's related to post-secondary as well. Have you done any internal departmental reviews of the funds that are accorded to the post-secondary sector from a zero-based budget approach, and if so, what's the methodology you use to test whether the dollar spent on behalf of the taxpayer is actually getting to what we have designated



it be spent on versus somehow being used in a wayward capacity, if I can put it that way?

**Mr Skarica:** We're going to palm off that simple question to someone else.

**Mr James Mackay:** James Mackay, director, universities branch, post-secondary division.

The simple answer to your question is no, we don't have any particular methodology or studies in the ministry that are based on a zero-budget approach. The allocation to colleges and universities in recent years has really been more of an ad hoc determination on, how much can we afford to give them in a particular year or not? What are their actual costs out there? We do have some studies on the college side in terms of the cost of offering a particular program, but we don't have anything like that on the university side.

**Mr Clement:** At some point, because we have scarce dollars — we're all living in that world — one has to start looking at, I suppose, or make a policy determination that one would want to look at what sorts of courses are being offered by what institutions and whether those courses are being duplicated or whether they are being done as an A-plus job by one institution and as a B-minus job by another institution or what have you. Is there any thought, given the era of scarce dollars in which we now live, that we would want to target some of the moneys to programs that are being done well versus programs that perhaps do not meet any criteria that the ministry has? Is that in the offing at all?

**Mr Mackay:** I think generally speaking that would be something that is now under study by the advisory panel on post-secondary education. They've really been given a pretty broad mandate to look at how we're delivering post-secondary education in the province, how we're sharing costs between students and the public and private sectors. Those kinds of questions regarding efficiency and effectiveness — I'm sure we'll hear from the panel in that regard.

**Mr Skarica:** An accurate prediction. I think Ms Andrew wants to add something to that.

**Ms Andrew:** A specific issue the panel has been asked to address is also interinstitutional collaboration and cooperation and the rationalization of programs in the system. It is a specific issue the minister asked them to address.

**Mr Wettlaufer:** Mr Mackay, I'd like to follow up something. Did you say that we have no costs per student for university education?

**Mr Mackay:** We know what we pay them. We can tell you on a particular program of study at a particular institution what the grant works out to for that student. We can tell you the fee revenue that the institution collects. What hasn't been done in almost 30 years in the university system is what we call a cost study, going back and examining for each program at each institution what its actual costs are.

The view in recent years has been that we may be providing a little more funding to one program than its actual costs would warrant but we are providing less in some other cases. The net result of the distribution formula is what's been called rough justice, that the institutions are getting approximately what they should

get overall as opposed to the right amount for each particular program. What's important to note is that the formula is a method for deciding how much of a block grant each institution gets. It's a way of splitting up the available resource we have rather than funding whatever costs are incurred by the institution.

**Mr Wettlaufer:** So what we do is guess by gosh and by golly what they should get and we take a figure out of the air instead of doing a proper assessment.

**Mr Mackay:** The original formula allocation way back when it was first established did indeed look at the actual costs of delivering programs at a particular institution and then that was used as a basis for coming up with the original program weights.

**Mr Wettlaufer:** But that was 30 years ago.

**Mr Mackay:** That was almost 30 years ago, and one would expect that there would be some changes in that.

**Mr Wettlaufer:** I would hope that we'll make those changes this year, Mr Parliamentary Assistant.

**Ms Andrew:** As part of that, though, it is fair to say that Ontario has the most efficient post-secondary system. We educate more students per tax dollar, both per student and per taxpayer, than any other province in Canada.

**Mr Wettlaufer:** But as a person who is dedicated to numbers, I'd like proof of that, and when you don't have a proper assessment procedure in place, I don't know how the heck we can make a statement like that.

**Mr Mackay:** I think Joan was referring to the fact that we have the lowest funding per student in the country. We are paying less overall to educate our university students than any other province.

**Mr Wettlaufer:** But we don't know what we're getting for it.

**Mr Mackay:** We certainly know what we're getting in terms of enrolled students. We do have audited enrollment reports. We know that the students we're flowing funding for are in fact there. We can establish how many students graduate from a program. We can look at placement rates for particular programs. However, measuring the quality of a university program in particular obviously can be controversial in terms of how you go about doing it.

**Mr Skarica:** If I could just add something to that, what you've hit on is really one of the trouble spots in the entire education area. Mr Wildman was here when we were on the committee on Bill 34. We heard near the end of the hearings that the ministry publishes a document that compares all the administrative expenses and breaks down all the expenses of all the boards into administration and operating and so on and so forth, and we found out that every board has a different definition of what it is. So you have 160 boards basically with different definitions of administrative expense and of operating expense, so we are comparing apples to oranges to bananas. You can't even compare how one board compares to another on a class basis. It was really quite shocking.

**Mr Michael A. Brown (Algoma-Manitoulin):** I got a rather surprising letter recently, actually on September 26, which I believe has been copied to the minister. It's written by the chair of the North Shore Board of Education.

**Mr Bud Wildman (Algoma):** I received that too.

**Mr Michael Brown:** Yes, I see that you have a copy here too, Mr Wildman. It's an "Open Letter to John Snobelen, Minister of Education." If I could just beg your indulgence for a few minutes, I think it's worth reading it:

"Having served the North Shore Board of Education for the past 27 years as a trustee, and the past 10 years as chairperson, and even longer as a supporter of the Conservative Party, it is with great sadness to hear and see the many comments and activities emanating from our Minister of Education, John Snobelen.

"Although I am a strong supporter of many Conservative Party policies, I feel the Conservatives are preparing themselves to make their second blunder in this century. Their last time in office saw them introduce Bill 30, which allowed the extension of separate school funding, the only benefit to the province being higher education taxes. Once again, they are travelling down that same road by suggesting the elimination of school boards and the governance of what remains by the local municipalities.

**1550**

"School boards existed a number of years before municipalities came into being. In fact, after the establishment of municipalities, municipal councils took over boards of education in 1842, for a period of two years. Local municipalities however decided school boards weren't for them, and turned them back to trustees. Does Snobelen really want to turn the clock back 150 years to a time when the same experiment failed?

"The foolishness associated with his comments is doing a great disservice to one of the best education systems in the world, to many of the best teaching professionals in the world, and an equally grave injustice to the parents, but most important the children to whom this education system serves. It doesn't take a genius to note that the quality of our communities and municipalities is a direct result of the leadership that our education system has provided. Canada is the great country it is because of our education system. If we wish to build on today for a better tomorrow, the education minister should get his fingers out of the cookie jar and start working with the leaders in education towards improving the system, not destroying it.

"Snobelen's philosophy of creating chaos in hopes that when the dust settles all will be better, is a dangerous game when it comes to playing with the lives of our children. He has stated that if anyone challenges him on his position in education, it is because it would be self-serving to those people. I disagree with what he is suggesting and seeing the negative impact his comments are creating, it is more important than ever that I get up, stand up and speak up, in an effort to protect a quality education system from degradation.

"As Minister of Education, you have created a state of chaos and frustration amongst the teachers, administrators and the parents in this province. It is time that you settle down, and work with us, in making those positive changes which would enhance our education system in the most cost-effective way. Casually dismissing the million-dollar reports on improving our education system, while introducing your own, which we recognize is solely

for the purpose of saving money, is a very dangerous legacy to leave the province of Ontario and the education system that has served it so well."

It is signed by Robert Whitehead, chairperson of the North Shore Board of Education.

I know Mr Whitehead. He is a very dedicated person who has worked a long time in the community and in education and is not one from whom you would expect a letter in this tone. I think Bob is speaking for the members of boards of education, the teachers and parents at least in our area. I know, because with Mr Miclash we toured the northwest and met a number of their school boards and teachers' groups and parents' groups, that this is a frustration that is counterproductive. I was hoping Mr Snobelen would be here today, and I realize that you may have some difficulty in responding to this, but I wonder what I should go back and tell Mr Whitehead.

**Mr Skarica:** One thing I can tell you is that during the committee hearings we had this spring — Mr Wildman was there — one of the few consensus items we all heard, and I think all parties agreed and all the panelists who testified, was that this system desperately needs some type of education finance reform. Everybody who knows anything about the system agrees on that. Even Mr Wildman is nodding his head; thank you very much.

**Mr Wildman:** I'm not sure I agree with the way you're doing it.

**Mr Skarica:** That doesn't surprise me.

You can't take a look at education finance reform without looking at governance, and that's what we're doing by setting up the Who Does What education subgroup. That's one of the things they will look at.

There are some concerns I had, and I'm speaking for myself, from going to the committee hearings. One of them is that we spend about \$890 million a year on board administration and we see some uneven results; for example, it was really surprising to us to hear during the committee hearings that the unfunded liability for teacher gratuities — this is something that teachers have negotiated through the boards, and some boards have fully funded that teacher gratuity, I think about three of the 167, but many of them, I think well over half, have nothing in reserve for that. So you're paying \$890 million in administration and you're getting huge unfunded liabilities.

We heard from the chair of the Windsor board that the unfunded liability, she felt, wasn't \$1 billion, like the ministry says, but closer to \$10 billion, which is an astonishing amount.

Anyway, the bottom line is that the consensus of everyone we heard from during the committee hearings was this urgent need for finance reform, and you can't do that without looking at governance as well. There has been no decision made, to my knowledge, on school boards, what to do with them or to do away with them. That is one of the things the Who Does What commission will be considering.

**Mr Michael Brown:** Mr Whitehead's director of education, Mr Lewis, is terribly concerned that the information that is being used by the ministry is inaccurate. I'll just read his letter. It's shorter:



"The North Shore Board of Education is very concerned that the Ministry of Education published a document this summer, as part of the minister's proof to the taxpayers that there were too many irresponsible boards, which contained false and completely inaccurate tax information.

"In 1995 the North Shore Board of Education levied \$8,358,243 from the local taxpayers in the combined municipalities that comprise the jurisdiction of the North Shore Board of Education. In 1996 the levy was \$8,299,349, a decrease of \$58,894, or 0.7% compared to 1995.

"The North Shore Board is concerned that the minister chose to use inaccurate figures to make his point that many boards were acting irresponsibly toward the local taxpayer. The trustees on this board were dedicated to try to keep the tax increases to zero. In 1996 they were able to do better than that.

"When the ministry personnel called the board office for the tax information they were not interested in the total dollars that were levied. They were interested only in the mill rate. In a jurisdiction which has eight different mill rates and eight different assessment bases upon which those rates are set, an average mill rate does not show an accurate picture." I think you would understand that. "The ministry personnel were told that and they chose to ignore it in order to publish a common document, which in the case of our board does not show accurate information."

I think Mr Lewis is pointing out that we are afraid that the ministry is trying to support the government's case by manufacturing numbers that are at best inaccurate.

**Mr Skarica:** Perhaps somebody from the ministry could address that, since they're the ones who dealt with those figures.

**Mr Drew Nameth:** My name is Drew Nameth. I'm the director of the capital and operating grants administration branch.

The survey that was undertaken in the summer was to find out the average increase in mill rates levied by boards across the province. One reason why the ministry chose not to ask for how much was being levied board by board was to ensure that changes in assessment bases weren't impacting decisions made by individual boards.

The question asked of each board was: What was the average increase in mill rates for the whole board? We recognized that a number of boards have different mill rates for different municipalities in their jurisdiction. For simplicity we're simply looking for a single number for each board.

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**Mr Michael Brown:** You would think that if you were really interested in finding out what was going on you would at least have asked for a weighted average. I know these municipalities. One is a relatively large municipality of 14,000 people which, by the way, has lost significantly in assessment in the last while, and the rest of them are relatively small, the largest being maybe 3,000 or 4,000 and most of them being in the 800 or 900 range. A weighted one would have shown a decrease. If you asked for just a plain old average, you're going to get a number that doesn't reflect anything.

**Mr Nameth:** There may be a difference if one asked for a weighted average or a simple average. I believe the question that was asked of each board was: What is the average increase or the average tax change in your board?

**Mr Michael Brown:** The point is that it yields irrelevant information. You've got to ask the right question to get at what you want. What was the point of asking what the average mill rate increase was? Why did you ask the question?

**Mr Nameth:** The point was to find out what was the increase in mill rates, so the changes in mill rates, on average, across the province.

**Mr Michael Brown:** But you didn't find that out. I think it's spin doctor time and I think the bureaucracy is starting to become politicized. That is my humble impression of this.

**Mr Frank Miclash (Kenora):** I want to go back to June 26, the second day of estimates, where I had suggested that the minister at that time was out of touch with a lot of front-line concerns in northwestern Ontario. At that time I asked the minister to provide me, and he agreed, with a list of the schools he had visited in northwestern Ontario. Is that list coming? I haven't received it as of yet.

**Ms Andrew:** I don't believe we have it. We can make efforts to get it to you in the next day or two.

**Mr Miclash:** Okay. That was a commitment made to me back on June 26.

I indicated to the minister at that time as well that I was hearing a good amount of concern from first nations groups in northwestern Ontario and I asked him for, and he committed to give me, some information regarding any discussions he had had with first nations groups. I'd be interested if that is here or forthcoming or on its way.

**The Chair:** Does that get an answer? I don't know.

**Ms Andrew:** It will be forthcoming. I'm sorry — the list of aboriginal groups the minister had met with?

**Mr Miclash:** Exactly. As I indicated, I'm hearing a good amount from them stating that he has not shown any concern or feeling for some issues they're facing in education when it comes to provincial jurisdiction. That was the main reason I was asking and possibly encouraging the minister at that time to be in touch with some of these groups.

During my travels through the riding and through northwestern Ontario, and as Mr Brown indicated, he accompanied me on some of those tours only in the past couple of weeks, we heard a good amount from teachers regarding some comments the minister has been making. I wonder if the minister ever discusses with you any comments and how these comments are affecting the morale of teachers in the classroom. Before you answer that, I must say that as a former educator, going back into the classroom this September would have been very difficult after hearing some of the comments that have been directed to teachers in this province. Does the minister ever discuss these with you, sir?

**Mr Skarica:** The honest answer is no, we haven't had that discussion. I've recently met with Earl Manners, president of the OSSTF, and Mr Martin, president of the OTF, on television shows, and they expressed that very

same concern to me. I intend to have that conversation with the minister.

**Mr Miclash:** Thank you. In your travels you must visit your schools as well. Do you hear those comments?

**Mr Skarica:** I have heard those comments. I think there's frustration by teachers, and a large part of it is because of the cuts, and they feel salary frustrations. The other major complaint I get is that regardless of what party is in power, they feel every time there's a new government there are a lot of changes and they find that frustrating and difficult to cope with, that the system is being re-engineered every few years, and by the time they have a handle on it, it starts again. I can see that frustration, being a professional myself.

**Mr Miclash:** I was in the classroom for 10 years. I go back into the same schools; I revisit those schools. I tell you, sir, the morale is not the same as it was 10 years ago when I left those particular schools. Do you think that lack of morale, that frustration being experienced by teachers is having any effect on the classroom education of the children?

**Mr Skarica:** I don't know. I can tell you one thing I find particularly disturbing is that I've had complaints the other way from parents and students, that they feel that the schools are becoming more and more politicized all the time and that teachers are, rightly or wrongly, expressing their political views in the classroom. In my opinion, that shouldn't be there, regardless of what's going on. The teachers are there to teach the students the curriculum. I've been in one school where the announcements were highly political and I was quite surprised that was taking place in the morning announcements. I didn't feel it was proper.

**Mr Miclash:** I was quite surprised to read in the Red Lake District News, a newspaper in my riding, that it was the ministry's intention to have municipalities assume more of a role in the operation of Ontario school boards. Can you explain what was meant by that statement?

**Mr Skarica:** A lot of that would have to depend on what changes took place in governance and finance reform, quite frankly.

**Mr Miclash:** Going on to another location in my riding, Sioux Lookout, the students attending that particular area's school, the Queen Elizabeth District High School, were told by their board at the beginning of the year that there would definitely be deep cuts to their sports program and that, in essence, their program would be cut almost in half. To compete in a riding such as mine, where you have many small communities quite a distance apart, we have students on the road up to maybe two, three, four hours sometimes, to travel to compete. When you tell them that half of the funds are going to be taken out of their sports program, what you're telling them is that maybe they can compete among themselves within the school but that when it comes to such things as competing against other teams from other schools that's pretty well taken away. Do you not agree that this is actually penalizing students of the north in terms of allowing them to compete in various sports?

**Mr Skarica:** I've heard similar complaints from the south, so I don't think it's anything unique to the north. It brings it back to some of the disappointments we've

had as a government. We've had other boards behave quite differently. For example, in my area the Roman Catholic board administrators, teachers — anyone involved with that board — decided to take a 2% benefit cut and save either \$1 million or \$2 million, which was about half of what they needed to save, and the rest they saved through attrition, so no programs were cut and it didn't impact the students at all. I've been to some of those schools. That board is in the lower range of cost per student — I think it's somewhere just under \$5,000 per student and the school I went to was fabulously equipped. It's an uneven response from the boards. Some have been able to manage the cuts without impacting the classroom at all and some quite frankly haven't.

**Mr Miclash:** I think you're missing the point I'm trying to make here. I indicated that in northern Ontario sometimes they travel up to four hours to get to a sporting activity, to compete against another team of the same calibre; a grade 7 or 8 basketball team, say, would compete in Red Lake, four hours away, with a grade 7 or 8 team there. Here they get on the subway and go down to the next school; they can get public transit. Do you not see the difference in allowing students of northern Ontario to be able to compete compared to those who can use public transportation to get from one school to another for those competitions? Don't you think the students of northern Ontario are being penalized when it comes to cuts in this area?

**Mr Skarica:** My same answer to you is, does it need to be that way? It's really hard to know. Everybody you talk to says, "We've already cut to the bone," yet in my travels throughout the province I've seen some pretty rich boards that have said they've cut to the bone.

*Interjection.*

**Mr Skarica:** I'm not going to do that. Some others legitimately have already cut to the bone. All I can say is that there's been an uneven response. The Sweeney report indicated that 47% — you've heard that figure before. You're groaning, but the Sweeney report —

**Mr Michael Brown:** You told us you couldn't define administration.

**Mr Skarica:** But he did.

**Mr Michael Brown:** So you'll take his numbers.

1610

**Mr Wildman:** With the indulgence of the committee, I would like to raise a very serious and delicate issue that affects students and parents in Sault Ste Marie and part of Algoma district. I want to assure members that I'm not in any way blindsiding my friend the parliamentary assistant; I've given him notice I would be raising this matter.

**Mr Skarica:** A fellow politician speaking fairly; you get very suspicious.

**Mr Wildman:** This is a serious matter. My colleague the MPP for Sault Ste Marie, Tony Martin, is here with me too because of his concern. The parliamentary assistant will know that Mr Martin tabled in the House yesterday or read into the record a petition signed by over 10,000 residents of Sault Ste Marie and area that dealt with a very serious situation, a situation that unfortunately is affecting children in a general sense not only in our



area but other areas as well. I'd like to raise the specifics with this.

There are over 10,000 people who have specifically petitioned to request that the Ministry of Education institute an "independent public commission of inquiry into the treatment of reports or complaints of abuse of students by Kenneth Gino Deluca, a former teacher and now convicted child abuser, and the handling of such reports or complaints by the Sault Ste Marie and district Roman Catholic separate school board between the years 1972 and 1993."

Mr Deluca was recently convicted after pleading guilty to a number of charges of abuse that occurred over a period of a little more than 20 years during his employ by the Sault Ste Marie separate school board and he is currently serving 40 months in prison in Millhaven Penitentiary.

The reason the petitioners want to have an inquiry is that they are very concerned that this situation could drag on for so long that a teacher, a person in a position of trust, could carry on this kind of abuse repeatedly over a period of 20 years, abuse to which he has pleaded guilty, and that he would be apparently moved from one school to another when suspicions were raised. This is a very important issue, and I know that members will agree with me and my colleague that it is indeed very important. The importance is certainly demonstrated by the number of people who have signed this petition from our area.

All of us I think would agree that it's the first responsibility of all of us, and certainly the first responsibility of teachers and school board officials, to protect our children. For that reason, I'm formally requesting that the Ministry of Education agree to institute a commission of inquiry under the Public Inquiries Act into the Deluca affair.

**Mr Skarica:** My response is that the minister is not going to appoint a commission of inquiry at this time because of the outstanding civil proceedings. The minister doesn't wish to interfere or appear to interfere with the legal process.

On a general point, Mr Wildman, you were present during the hearings when we had a similar situation with the Toronto teacher who was making racist comments that were very public. The teachers' union interfered in that case and protected him by providing him with counsel and so on and, eventually, I don't recall anything ever being done to him. That was of course a complaint by the parents who were involved.

I think we're ad idem, your party and our party. We're hopeful that the College of Teachers will alleviate these types of problems, because it will then be able to look into this matter and hopefully deal with the situations where for whatever reasons there are legitimate complaints and teachers are moved as opposed to being disciplined. I think other teachers will feel frustrated at that as well, because it hurts them generally as a profession.

**Mr Wildman:** I won't prolong it except to say that, recognizing that the parliamentary assistant is providing a response based on the advice he's been given, my colleague will present this petition to Mr Snobelen in the Legislature when Mr Snobelen returns. I would hope that

the minister and the ministry will consider very carefully the fact that people in Sault Ste Marie and area want to know how this happened and why, because they don't want it ever to happen again. I think it's important for the whole of the province. I'll just leave it at that.

**Mr Skarica:** I don't think anybody disagrees with those comments.

**Mr Wildman:** If I could proceed, I'd like to return to a very different matter that was raised by my friend the member for Algoma-Manitoulin with regard to the North Shore Board of Education. Just in passing, has the parliamentary assistant seen a movie called Mr Holland's Opus?

**Mr Skarica:** No, I haven't.

**Mr Wildman:** I certainly would advise you to see that movie. Besides the fact that it's important for those of us who are interested in education, it's a very good movie — good acting and so on. I think you'd agree.

**Mr Skarica:** Is it an old movie, Mr Wildman?

**Mr Wildman:** It's a small American town, but essentially what happens is the board is faced with budget cuts. Mr Holland is a music teacher who has taught for many years. His program is cut, as is the drama program in the school. I think it really is apropos when we consider the kinds of things happening in Ontario today. I would hope that we don't reach the same pass, where these kinds of programs are eliminated in the name of efficiency and saving money.

The thing that bothers me is that whenever we see these kinds of programs being eliminated, and we have seen a number of music programs, particularly at the elementary level, being eliminated over the last year, or at least cut back substantially, the pat response by Mr Snobelen and the government is: "These are decisions that are made by the boards. If the boards have made bad choices, people should complain to their trustees. It's not the government's role to be involved in these matters." Frankly, in my view, that's an abdication of responsibility. If you are going to state that you are going to make major cuts in transfer payments to boards, then you can't then shrug off the impacts of those cuts and say, "That's the board's fault."

My question is specific. What was the percentage cut last year — because like Mr Clement I want to deal with numbers — in the GLGs, the general legislative grants, to boards?

**Mr Skarica:** I believe it's 1.8%.

**Mr Wildman:** No, it isn't 1.8%. What is the cut to the GLGs?

**Mr Skarica:** I think we'll ask Peter Wright, the director of education finance.

**Mr Peter Wright:** The operating grant cut is what you're after?

**Mr Wildman:** Yes.

**Mr Wright:** It was \$233 million on a grant of approximately \$4.4 billion, which is 5.3%.

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**Mr Wildman:** Okay. How is it then that the government keeps going around saying it's 1.8%?

**Mr Wright:** The 1.8% is \$233 million as a percentage of the total operating expenditure of the boards.

**Mr Wildman:** So that means how much the boards raise and expend.

**Mr Wright:** A combination of the government grants and the boards' locally raised taxes.

**Mr Wildman:** Oh, I see.

**Mr Wright:** It's the percentage of the cut in expenditure.

**Mr Wildman:** The other side of the coin is, how is it the boards are saying that it's 8%, since you're saying now, and it's just quick calculation, that it's 5.3%?

**Mr Wright:** The original 8%, or I think sometimes it was referred to as 9%, was taking the whole \$400 million on the \$4.4 billion, but that's not fair because the \$4.4 billion is only the operating grant side.

**Mr Wildman:** In other words, that's unfair just as the government's figure of 1.8% is unfair.

**Mr Wright:** With respect, all you're doing is describing different bases for calculating the numbers.

**Mr Wildman:** So the true figure is 5.3%. Okay.

**Mr Wright:** No, with respect, the figure as a percentage of the grant cut is 5.3%; as a percentage of expenditure, which is how the government characterizes it, the 1.8% is correct.

**Mr Wildman:** That's exactly the right term, "characterizes it."

**Mr Wettlaufer:** How do you characterize it?

**Mr Wildman:** I characterize it as 5.3%. I'm taking Mr Wright's figures — so 5.3%.

I'd like to deal with the letters that my friend from Algoma-Manitoulin read into the record from the North Shore Board of Education. In answer, Mr Nameth said that they wanted an average. I think Mr Brown would agree with me that this area was one of the areas that has undergone major economic downturn over the last few years, which has resulted in a significant decline in assessment base. So to simply ask them for an average change in mill rate and then to say, "They gave us this average figure," of whatever percentage increase in mill rate, "That therefore indicates that the board simply made up the cuts it faced from the province by increasing taxes," is quite unfair, because it didn't increase taxes.

**Mr Wright:** In some cases, they increased the mill rate. Whether they increased the revenue as a result is quite a different issue.

**Mr Wildman:** Exactly.

**Mr Wright:** What the ministry had published was the mill rate increases.

In terms of the north, there were, as you know, some efforts made to offset the impact on small boards this year with the GLGs, so efforts were taken to assist some boards in that case.

**Mr Wildman:** I understand that and it's interesting that some of the boards that were the most frugal did not benefit from that because the percentage changes were not sufficient because they were so frugal in the first place.

**Mr Wright:** Or the reductions were not that significant.

**Mr Wildman:** Yes. Okay, now, the fact is that this particular board actually levied almost \$59,000 less in taxes last year, yet the ministry, because of the questions

it asked, published it as if it had in fact increased taxes by saying that it had increased the mill rate.

**Mr Wright:** The ministry said, to be fair, they increased the mill rate, and that was all the ministry said.

**Mr Wildman:** That's right, and the ministry therefore was not telling the whole truth. My mother, when I was a child, used to say it's as bad as telling a lie when you only tell a half-truth.

**Mr Wright:** The difficulty in part is if you're going to talk about the total expenditure or the total revenue, you're getting into a whole series of issues around enrolment, assessment base change —

**Mr Wildman:** Exactly.

**Mr Wright:** — and that, as you can appreciate, is quite a complicated discussion.

**Mr Wildman:** It is a complicated discussion, and it's one that should be engaged in. As Mr Skarica pointed out, as long as we're going to deal with these numbers, it's better to deal with apples and apples, not apples, oranges and bananas.

**Mr Wright:** That is in part why the ministry is out now trying to discuss with boards their unique needs and special local circumstances.

**Mr Wildman:** I would like to pursue another matter in regard to user fees that boards are imposing as a result of changes in funding, keeping in mind that the minister has made it clear to boards that if they are getting lower grants, they should not increase their local taxes.

I have notification here from a woman from Niagara Falls who has two children in high school there. Her children have been informed for the first time this year, in September, last month, that they will now have to pay \$35 per month for a bus pass. The reason for this apparently is that they are not attending their neighbourhood school. They are in an enrichment program, a gifted program, because they qualify, and the school in their own neighbourhood doesn't have courses that would provide them with the enrichment program. The board has made a new policy that if any student is not attending the neighbourhood school and thus has to have transportation to another school in the board's jurisdiction, the student will have to pay for a bus pass.

This also applies to students taking co-op courses, who have to go for the co-op experience. I know Mr Snobelen has touted co-op courses as the way to go. I'm not sure that he is aware that this entails paying extra costs, at least in the Niagara Falls board.

Does this constitute an adverse effect on the education of these kids as a result of decisions made by a board directly related to cuts in funding?

**Mr Skarica:** Quite frankly, I can't really answer that question. I wasn't aware of that particular situation. The best I can do, Mr Wildman, is to look into — I don't know how many students that affects.

**Mr Wildman:** I don't know the answer to that either.

**Mr Skarica:** If that's just unique or if that board is using this as a revenue source, I don't know, or if that was just designed for those few students. I'll look into it for you.

**Mr Wildman:** No. The information I have is that it affects these two kids but it's not just for these two



students. It's other students in the same situation who aren't attending neighbourhood schools.

**Mr Skarica:** Which board is that?

**Mr Wildman:** Niagara Falls. Would such a fee for a bus pass be properly called a user fee?

**Mr Skarica:** If they're using the bus and they're paying for it, I think you can characterize it that way, to use your terminology.

**Mr Wildman:** The Premier when he was in opposition called user fees taxes.

**Mr Skarica:** As I indicated earlier, Mr Wildman, it was our hope that the schools would be able to administer these cuts. If I go back to our figure of 1.8%, that's their overall budget, and in times of downsizing, many institutions have downsized a lot more than 2% without affecting their service delivery.

**Mr Wildman:** I'd certainly like to find out what is the basis for this change in Niagara Falls and I'd also be interested in finding out how many other boards have instituted user fees. I've had information about students for athletic programs within the school now having to pay a significantly higher amount than they've ever had to pay before for their athletic cards.

**Mr Terence H. Young (Halton Centre):** They paid before.

**Mr Wildman:** They paid before, but suddenly there's an enormous increase this year, which basically means that poor kids probably will have a more difficult time participating in extracurricular activities than well-off kids. The question is whether or not we want this in our public education system.

**Mr Wright:** It has been policy in many boards for many years that students who choose not to go to their neighbourhood school are in fact charged for transportation. That in and of itself is not new.

**Mr Wildman:** It is in Niagara Falls, apparently.

**Mr Wright:** Whether the extent of it is new — whether these children previously went to their local school and therefore did not pay —

**Mr Wildman:** No, they didn't. They went to the other one.

1630

**Mr Wright:** I have not seen that letter, but as a general rule, school boards have had that policy for quite some number of years, just so that's on the record.

**Mr Wildman:** Is it a good policy?

**Mr Wright:** Is it a good policy? Well, it's their policy.

**The Chair:** It's time for the Conservative Party. No questions?

**Mr Wettlaufer:** Yes. This is more a comment than a question, following up what Mr Wildman said. In our own area there were a number of schools that thought they might like to charge for athletic permits or library services or what have you, and I always understood that it was the role of the MPP to act as a mediator between the schools and the board and the students. I took it on myself to jump all over those schools and those fees were subsequently cancelled. I believe any other MPP could do likewise.

**The Chair:** It's a new role for me. I'll take it up. Any other comments?

**Mr Clement:** I'll defer to Mr Young first.

**Mr Young:** I just want to comment for the record that I was in high school a long time ago and we had user fees then, if that's what you want to call them. I remember every year you had to go and get your phys ed uniform. It was not optional. You had to have your socks and your T-shirt and your whole uniform. If you took music, you had to buy your own mouthpiece or your reed. If you were studying another language, usually you had to buy your own French-English dictionary etc. So this is nothing new. The opposition is picturing every little thing that happens as part of some terrible hardship. It's nothing new. Parents expect to pay.

My three children went off to school this September and they went over with their mother to Business Depot and bought three-ring binders and coloured pencils. We used to buy them, when I was in school, Laurentian colour pencils at the corner store. So some things have never changed, and I think it's inaccurate to depict these things as new.

**Mr Clement:** I hate to be really boring, Mr Chair, but I actually want to ask some questions about the estimates, if that's all right.

**The Chair:** Go right ahead, you have all the time now.

**Mr Clement:** Page 25 of the estimates, which is vote item 1002-1, seems to have a number of explanatory notes regarding the operating expenditures of the Ministry of Education and Training. I was wondering whether I could ask the parliamentary assistant or his assistants just to elucidate what exactly some of these things are and what the impact of these items are to the education system. One of the items has "Transfer to GLG" — which I presume is general legislative grants; that's the eighth bullet — "to transport provincial schools students." It doesn't have a number beside it, but what's that all about?

**Ms Andrew:** The provincial schools students are deaf and deaf-blind students who attend schools in the provincially run schools, and the ministry, through the GLGs, supports their transportation home to their home communities on weekends and holidays so that we're not providing residential care over long periods of time. I can doublecheck the numbers, if that's what you're asking, but that's the cost the local school boards have to provide the transportation for their students. Mr Wright can give you more details.

**Mr Wright:** Until 1995, the money for transporting these students was in the direct operating expenditure of the ministry, and when the school boards assumed their responsibility for the transportation of these students, the money was transferred out of the ministry's own budget and put into the GLG.

**Mr Clement:** It doesn't have a number beside it, so I'm just wondering what that means, what the significance of not having a number beside it means.

**Mr Wright:** I thought it was \$537,000.

**Mr Clement:** Is that what it is? Oh, you're right. I'm looking at it askew. I apologize.

The line immediately above that has "university student residences" and then it has \$200,000 in brackets. I'm just wondering what that is. Were we funding university student residences out of operating for a while and then we just discontinued that, or how did that work?

**Ms Carol Lawson:** I'm Carol Lawson, director, corporate planning. There was an amount in the university operating grant, and it was decreasing, for the funding of student residence. It went down by \$200,000 per year and this is the reduction for 1996-97. There's a subsequent one in 1997-98.

**Mr Clement:** I hate to play musical chairs, Mr Chair, but I have two more questions.

The fourth line from the bottom on that page says, "Increase in grants in lieu of municipal taxation, \$856,400."

**Ms Lawson:** That relates to the payments in lieu on behalf of the colleges and universities. We pay \$75 per enrolment to the municipalities in lieu of the colleges and universities paying to the municipalities.

**Mr Clement:** So there's a transfer from the Ministry of Education and Training to the municipalities in lieu of the post-secondary institutions being taxed.

**Ms Lawson:** Yes.

**Mr Clement:** When we talk about all the grants we give to the PSIs, the post-secondary institutions, is that number included when we talk about the global grants or is that an extra number?

**Ms Lawson:** It's a separate grant item in the Ministry of Education and Training's estimates. It's called payments in lieu and it's about \$27 million in the printed estimates.

**Mr Clement:** Twenty-seven million in total in payments in lieu. Okay. The second-last one has "social contract/productivity savings target credits," \$5 million and change.

**Ms Lawson:** What happened is that over the social contract period the reductions were taken out of the ministry in advance, subject to the savings actually maturing, so this is just the amount going back in. We took the money out and then it goes back in once the savings have accrued.

**Mr Clement:** How does it go back in? Is this paying people for the days they —

**Ms Lawson:** No, it's not paying them. What happened was that there was a reduction and then, once we had effected savings within the ministry which were equal to the social contract, they put the amount back in so it wasn't double-accounted, because at one time they doubled up on us.

**Mr Clement:** Can you just expand on that a little bit so I understand what happened?

**Ms Lawson:** What happened was that at the beginning of the social contract they reduced the ministry's allocation for a social contract target.

**Mr Clement:** You had a target of 5% or whatever.

**Ms Lawson:** That's right. It was taken directly out of the ministry's allocation. Once we had effected savings to replace that target, they added the money back in.

**Mr Clement:** Added what back in?

**Ms Lawson:** Added the initial reduction back in.

**Interjection:** They calculated it twice.

**Ms Lawson:** It was done twice.

**Mr Clement:** So can one draw the conclusion that the savings on the social contract in this particular case were less than originally advertised?

**Ms Lawson:** No, they were equal to.

**Mr Clement:** They were equal to, but now you've got to include it in your line item —

**Ms Lawson:** Yes. It's an explanation of why the allocation went back up.

**Mr Clement:** And that's just a line item for this year. You won't have to do that in subsequent years?

**Ms Lawson:** No.

**Ms Andrew:** In effect, the amount was taken out of the ministry's budget twice. This is an accounting adjustment to return something that was taken out twice.

**The Chair:** Any other questions or comments or directions from the Conservative side? There seem to be no other comments. We can go to the Liberals.

1640

**Mr Miclash:** Just to follow up on what the previous questioner was asking, we've been made aware of the Jules Léger Centre in Ottawa. It's a centre for children with learning disabilities and a centre to which many children travel from northern Ontario. At one point the children were housed in the Bronson residence which is attached to the centre, but under a new policy, apparently students, some as young as 12 years old, are being asked to return to their homes for weekends. This is creating a number of problems. I want to read into the record a letter that was sent to the parent committee of the school in Ottawa from North Cochrane District Family Services:

"It has come to my attention that a number of parents in our district have raised serious concerns regarding the closing of the residence attached to the Jules Léger Centre in Ottawa during weekends. Apparently, this closing means that children at the centre who reside in Cochrane North are travelling each weekend between Ottawa and their homes. I am further told that even though we are not yet in the winter months, there have been two occasions where children potentially could have been stranded in Toronto and Timmins. On one occasion, children who left Ottawa in the early afternoon only arrived home after midnight. I understand that the children, some of whom are under 12 years of age, are making the trip without escorts.

"Cochrane North is an area where services for special children are scarce. Families of this area have relied on the Jules Léger Centre for a number of years to provide specialized help for their children and are appreciative of that help. It is undoubtedly very difficult as a parent to have your relatively young children leave home to live hundreds of miles away and then have the added concern regarding weekend transportation and the potential for your child to be stranded somewhere along the trip home.

"Having lived in this area for a number of years I know that in the winter, when I leave by plane I literally never know when I will arrive at my destination, nor when I might return. Twice I have left Toronto to fly to Kapuskasing and have ended up back in Toronto hours later after flying all over the north and through Ottawa for refuelling.

"I have had my staff speak to the local separate school board and I understand there are four children from Kapuskasing who attend Jules Léger and I am aware of at least two children from Hearst who also attend."

Surely the economics of the situation are such that it cannot save any dollars to have these six children fly



home on weekends rather than keep a home open for them. Would the parliamentary assistant like to comment on that situation or have somebody comment on it?

**Mr Skarica:** I'm going to refer it to Mr Nameth.

**Mr Nameth:** The decision was taken some time ago, I believe in 1995, to close the residences for the provincial schools on the weekends so that children could return home and be with their families on the weekends.

I'm aware of the situation of the children in Cochrane and the situation where it took an inordinate amount of time for them to get home. There have been a number of conversations with the parents of the children involved and we are looking at ways we can ensure that the safety of the children is upheld.

**Mr Michlash:** Sir, would you not agree that one of the solutions, maybe the only possible solution, would be the reopening of this residence, noting the circumstances I've mentioned in the letter?

**Mr Nameth:** That is a possible solution. I don't know that I would describe it as the only possible solution. That is a solution.

**Mr Michlash:** What is the time frame on coming up with a solution to this problem, which is quite obvious?

**Mr Nameth:** I think it would be within the next couple of weeks.

**Mr Michlash:** I have some figures that I wouldn't mind getting on the record. We understand that it costs \$3,300 per year per student, \$60,000 per year to keep 18 students in the residence. The figures we have are that to transport the students it costs \$20,000 annually per student, or \$360,000 to transport 18 students. So what is the motivation behind closing the residence? The parents are actually looking for an answer to that question.

**Mr Nameth:** The motivation is that the children can benefit quite significantly from being with their families and their friends. They're being separated from their families and friends during the week while they're attending school. This gives them an opportunity to be home with their families and friends on the weekends.

**Mr Michlash:** Have the parents suggested that's what they want for their children, to travel back and forth rather than the children staying in the residence? Is that something that's been discussed with the parents, requested by the parents? How did that come about?

**Mr Nameth:** I believe that is the case, that there were a number of discussions with parents, parent groups, to provide an opportunity to have the children home with them on the weekends.

**Mr Michlash:** On to another subject and to the parliamentary assistant. I have to continue to go back to this subject because it's one that bothers me a great deal. As I indicated to you, I was in education at one time and it's just not the same, going back into the classroom. I'm referring now to an article that was in the *Sioux Lookout Bulletin* on Wednesday, August 21. Let me read some of that to you and get your response to it:

"While *Sioux Lookout* students and teachers will be heading back to school next week, parents and community members are wondering just what they will be going back to in the wake of last spring's cuts by the Dryden Board of Education.

"According to the latest tally, 17 elementary and six secondary school teachers have been eliminated from the rosters, newly appointed board director Murray McFayden confirmed Monday. Among those axed were four special education teachers."

There's another quote here from the Dryden District Women Teachers' Association president, Shelley Jones, which says: "It's going to be very difficult (in *Sioux Lookout*). We have one of the largest per capita layoffs in the province."

I ask the parliamentary assistant if he can actually disagree with me that this is going to have an impact on the classroom education that the students of *Sioux Lookout* would be facing this year.

**Mr Skarica:** If those facts are true, it would be hard to argue that they wouldn't. Let me compare the experience in my riding as to what's happened. The boards that I deal with, the Wentworth County Board of Education and the Roman Catholic board for Hamilton-Wentworth, are relatively low-cost boards and trimmed administration long before we gained power. There are no layoffs there at all; they were cut in the same manner that the other boards were cut and there were no teacher layoffs there at all. They were able to implement the cuts in ways that didn't affect programs or teacher layoffs. There's the uneven response that I've alluded to earlier.

**Mr Michlash:** Let's go on to another subject that the minister often refers to: second-class students. He often talks about the redistribution of property tax dollars throughout the province to eliminate what he claims are second-class students, students maybe not getting the same education. I often say that a student in the riding of Kenora would have to compete for a university or a college spot with a student from downtown Toronto, and it's quite often the case that that happens. I'm just wondering if you're aware of what the minister may have in mind in terms of redistribution of the property tax dollars throughout the province.

**Mr Skarica:** That would be something for the *Who Does What* commission to look into. I indicated earlier in our committee hearings that we heard from everyone, and it was an agreement that there was a desperate need, an urgent need, for finance reform. You really see that when you see the cost per student. You see some boards spending as low as \$4,000 per student, some in southern Ontario and some in the north, and then some who are spending \$9,000 per student. That's a huge variation, and I don't know whether the boards spending \$9,000 per student are delivering better education than those spending \$4,000 per student or why those differences exist. When you try to get into, "Is that value for money?" you can't even compare it because of the definitions. You've got basically 157 boards that have different accounting methods.

**Mr Michlash:** I want to go on to another subject which a lot of teachers have approached me on, the report that was done in looking at teachers' salaries in Ontario. The teachers feel there were some discrepancies in the figures. There was nothing said about the higher cost of living, Toronto being one of the cities where the cost of living is much higher than in the rest of the country, as well as the province having a higher cost of living in how it

compares to other provinces. I'm just wondering, when the minister read that report, did he take a look at why that might be? Did he take a look at any way to maybe justify that teachers' salaries were higher than those in other provinces?

1650

**Mr Skarica:** I don't know if the cost of living really gives you any answers. I was asked that question last week, and as far as cost of living is concerned, I think even within the province it's higher. The cost of living is higher in Toronto, for example, than it would be in my area; I know that for certain. It's probably higher in the north than it would be, again, where I live. As far as our having the highest cost of living is concerned, I somehow doubt that, quite frankly. For example, if you were buying a house, in Montreal you'd pay half of what you'd pay in Toronto. But if you go to Vancouver, you're paying twice what you're paying in Toronto.

**Mr Miclash:** Thank you, sir. I think Mr Brown might have a couple of wrap-up questions.

**Mr Skarica:** Earlier there were some questions you wanted answered, and we do have those answers, if I could table that.

**Mr Miclash:** Maybe just a question of procedure here, to the parliamentary assistant. In terms of procedure, when I asked for that information, why would it not be delivered to my office? I'm feeling that somebody has maybe wanted to sidestep. Or is this normal procedure, that the information would be tabled? If I had not come back here and asked for that information today, would it have been tabled or sent to my office? I'm confused here. We're going back to June 26, so I'm a little bit confused because I really expected that information before I did my tour so I could talk to the educators and let them know.

**Mr Skarica:** I saw it for the first time yesterday myself. I don't know the answer to that question, what the normal procedure is.

**Mr Miclash:** Could we maybe find out the answer to that question? Because that information was important to me and it would have been valuable to me two weeks ago, not today.

**The Chair:** Mr Miclash, is this the report you asked for earlier on?

**Mr Miclash:** Yes, it is, June 26.

**The Chair:** I'm quite surprised that the ministry didn't have an idea about this, and now they present it. Is there anybody who can maybe comment on this now?

**Mr Miclash:** Again, I feel that if I'd not asked for the information again today, I may not have seen it.

**Ms Andrew:** I'll apologize for that. I'm sorry. The ministry had prepared the answers to the questions submitted by you and Ms Castrilli in June and we had understood, maybe incorrectly, that we were to table it back with the committee, so we brought it today. I didn't realize the two specific questions about school boards and the aboriginal were contained in the package. That's my error and I apologize for that. The two specific questions you asked are answered in the package. I can give you a spare copy if you want now.

**The Chair:** I just hope in the future —

**Mr Wildman:** On a point of order, Mr Chair: Are the questions that I raised in June going to be answered?

**Ms Andrew:** Yes, they are. They're in here too, Mr Wildman. Excuse me.

**Mr Miclash:** You have to ask for the answers, Mr Wildman, or you don't get them. Somehow they're shelved.

**Mr Michael Brown:** On the same point of order, when questions are asked, are they not made available to all the committee members? Sometimes a member asks a question that another member has a great interest in.

**Mr Skarica:** That's why we've tabled it.

**Mr Michael Brown:** Oh, so it's tabled.

**The Chair:** This will be available to all the members of the committee, but I would just like to tell the ministry that if questions are being asked in estimates, it would be quite helpful, if they have the answer, to present it even before the estimate is over, so that if there is any information that could be asked, it could be helpful.

**Mr Wildman:** Actually, if they were tabled immediately, at the beginning of the resumption of the estimates, it would be helpful because then we could ask questions on the answers.

**The Chair:** The questions can be asked before. Presumably you have to ask the question before we get the answer. You still have a matter of six minutes.

**Mr Michael Brown:** Thank you, Mr Chair. We've used three minutes on points of order?

Just to set some background, I obviously represent one of the more rural northern ridings. One of the things that the Manitoulin Board of Education, which is in probably almost a unique situation in the province — well, there will probably be some other examples. But it actually is the only board of education on Manitoulin Island; there is no separate school board. They had a dramatic mill rate increase this year just to cover their expenditures. This is a school board that has a director of education, a superintendent of business and a couple of secretaries, and that is the administration.

They are involved in a cooperative with a number of other school boards, including the North Shore separate, which lowers substantially their operating costs. This year they had a large increase, as I said, in the mill rate to their taxpayers. At the same time, they had to cut programming to students and their class sizes are increasing.

For example, the junior kindergarten on Manitoulin Island only exists now because the parents are selling raffle tickets and seeking donations to help fund it. The school board, as my friend from Kenora has mentioned, has cut back on transportation services so that children and students are having a great deal of difficulty, for example, participating after school at the high school, because the late bus program has been reduced.

If there's a school board that's lean and mean, this one is in terms of there isn't a lot of fat. They can't share facilities with anybody. That is ludicrous if you know the geography. Islands have their own peculiar problems in terms of getting places.

If the Manitoulin board has increased its mill rate substantially, has already made a great number of cuts, what should I be telling the chair of the board of education and the trustees about how they are to cope next year



with funding cuts from the government, which I understand are on their way, without impacting the classroom?

**Mr Skarica:** I can give you an example of the two boards I deal with. The Roman Catholic board in Hamilton is one of the, can I say, poor boards, and I would think Manitoulin would fit the bill from what you've told me. What they did basically is that everyone involved in the school board — the teachers, the administration and so on — took what I consider to be a pretty small cut — we took a bigger cut — of 2% in benefits. That allowed them to make the savings so that there was no impact on the classroom at all.

**Mr Michael Brown:** So that's where you believe there could be savings, if they renegotiate with their federations and other people?

**Mr Skarica:** That's what occurred in my riding.

**Mr Michael Brown:** It's an interesting suggestion, but I look at the Espanola Board of Education and the North Shore Board of Education, which are already sharing a director, they're sharing a business administrator, they're sharing many of their costs, and they are actually doing better, I think, in the cooperative than could reasonably be expected. They're going to be in the same situation this coming year as the Manitoulin board. They have already pooled their buses. Their buses pick up students from all systems, so that's all their transportation options. Would the same advice be that they should renegotiate their labour, that that's the problem, that the boards have been bad negotiators?

**Mr Skarica:** No, I didn't say that. You're putting words in my mouth. The teachers' unions basically have told me personally that they don't want the tax cut. It's not something they want. But they are also saying at the same time that they haven't had a raise. The teachers do benefit from the tax cut, as we all do, and so on and so forth. You took a 5% pay cut this year, so a small 2% — as I say, that's all that was required for the Roman Catholic board. Everybody involved in the board took a 2% cut to their benefits, not even to their salaries, and it allowed them to achieve the savings that were required so there would be no impact in the classrooms. I just use that as an example of what could be done. I'm not saying they should or shouldn't. I don't know the particular circumstances of your board.

**Mr Michael Brown:** It's an interesting suggestion.

**The Chair:** You've only got about half a minute.

**Mr Michael Brown:** I only have half a minute. I wanted to explore post-secondary tuitions for a second. I wonder if it's the government's policy that they expect these tuitions to continue to increase at the rate they are increasing now and if the government has any view at all of requiring the universities to live within certain bounds of what kind of fees are — I have a little self-interest here. I have two girls who are presently at university and a third one going next year. I've noticed a huge increase in fees — not just tuition fees but other fees associated with the schools — over the past couple of years. Is it the government's view that students have a lot more money than I believe them to have?

**Mr Skarica:** No, I don't think so, but I don't deal with that sector. Perhaps we could have somebody who deals with the university sector address that.

**The Chair:** Your time is kind of up now.

**Mr Michael Brown:** Mr Wildman would like to have the answer too.

**1700**

**Mr Wildman:** I have three sons in post-secondary education. Have the ancillary fees been frozen or not, effectively?

**Mr Wright:** There are two kinds of ancillary fees. The compulsory have not been frozen, but what has happened to them is that a process was developed whereby the institution and the student bodies would negotiate a protocol whereby the levels of those fees would be mutually agreed upon, so the students would have an opportunity, if there was an increase, to negotiate something for that increase. That process has been in place now for several years. On non-compulsory fees — in other words, where a student is able to avoid the fee if the student wishes — there are no limits at the moment.

**Mr Wildman:** I have a question that follows on from the questioning by my friend from Kenora with regard to the provincial schools. Is it the intention of the ministry to transfer the operation of these schools to local boards of education?

**Ms Andrew:** To the best of my understanding, that is not under consideration by the ministry at this time.

**Mr Wildman:** Okay, fine. That's all I wanted to know.

**Mr Clement:** Are you making a recommendation there, Bud?

**Mr Wildman:** No, I'm not. It's just that I've received some correspondence from parents of students who are going to a school for the hearing-impaired and they were concerned that there might be a proposal to transfer the school to the local board of education. That's why I asked the question.

I have before me the Ontario Public School Boards' Association's report which deals with the minister's comments in his recent musings. It points out that Mr Snobelen has said there might be a further \$600 million to \$900 million taken out of the system in 1997. Earlier in these estimates, Mr Snobelen denied that he'd ever said that, so I guess that matter is moot now and we will not see the \$600 million removed from the system this year.

**Ms Andrew:** I don't know what the targets are for reductions in the system. The minister did say he had not used the figure \$600 million to \$900 million.

**Mr Wildman:** So it might be greater?

**Ms Andrew:** I have no idea.

**Mr Wettlaufer:** A fearmongering question.

**Mr Wildman:** No, no, I'm just trying to find out. If he didn't say that, I'd like to know what he did say. He told us what he didn't say; I'd like to know what he said.

**The Chair:** You'll have to ask the minister that.

**Mr Wildman:** Okay. Then it goes on to talk about Mr Snobelen's comments re eliminating school boards and turning over their functions to municipalities. In our area of northern Ontario, where you don't have upper-tier governments, this is a very interesting question. To use the example my friend from Manitoulin had earlier of the North Shore Board of Education, this is a board of education that covers how many municipalities?

**Mr Michael Brown:** Eight.

**Mr Wildman:** Eight municipalities. Could I find out which of these eight municipalities would then operate the North Shore Board of Education schools?

**Mr Skarica:** We're not at that point yet, Mr Wildman. You know that. The Who Does What commission is going to look into that whole question of school boards and so on and so forth.

**Mr Wildman:** You can amalgamate the municipalities. *Interjections.*

**Mr Michael Brown:** You say that jokingly.

**Mr Wildman:** It quotes Mr Snobelen from the Toronto Sun:

"People don't feel attached to their local boards. They don't feel their opinions are being heard and school boards, for whatever reason, have been a critical part of the status quo that got us where we are: a very expensive system that produces very mediocre results."

I'm sure Mr Snobelen wasn't talking about the Durham board, which of course has received an international award, when he talks about mediocre results. I think what's interesting here is that it says, "Lynn Peterson, president of the OPSBA, said Mr Snobelen's remarks are 'ridiculous' and that he has 'absolutely no supporting evidence for his claims.'"

Could the parliamentary assistant help us here? What is the evidence Mr Snobelen had, if he had any, for his assertions that people aren't attached to their boards and that the school boards are a problem, that they're advocates of the status quo which produces mediocre results?

**Mr Skarica:** You've heard that yourself, Mr Wildman. We heard that testimony at some of the committee hearings on Bill 34. You'll recall that we had some evidence along that line from people in Mississauga and other places, but I just remember some people complaining about that from Mississauga.

**Mr Wildman:** I've heard many complaints on this matter, but since the minister has access to studies and analyses that all of us don't have, I'd like to know if he or the ministry would table with the committee the evidence he has that we have mediocre results and that it's the fault of the boards which are only interested in the status quo.

**Mr Skarica:** Again we heard that type of evidence at the committee hearings. You could just refer to some of the testimony and documents we received at that time. I met with the people from the Durham board yesterday, and since I don't want you to trust me, I have their documents here. What they're doing is very impressive. We heard through the committee hearings a number of people expressing those views. All he's saying there is that he's heard those complaints from people, and you heard them yourself during those committee hearings.

**Mr Wildman:** Mr Peterson —

**Mr Skarica:** Ms Peterson.

**Mr Wildman:** Ms Peterson, sorry. In northern Ontario many people named Lynn are males. Ms Peterson said, "It would be much more helpful if Mr Snobelen had a vision of what he wants Ontario's education system to look like and if he would articulate it." I couldn't agree more with those remarks.

I close off with a matter that was raised in June before this committee, by myself and I think by my friend the member for Kenora: the Connell and Ponsford District School Area Board regarding junior kindergarten. At that time I brought to the attention of the committee the fact that this board was prepared to continue having junior kindergarten, exercising its "local option." This is an isolate board. This board apparently had gone through its finances and was one of the few in the province that discovered it could continue to provide the junior kindergarten program that the people in the community wanted, in Pickle Lake, without having to raise taxes, partly because as an isolate board they get significant support from the provincial government.

When they made this decision they got an epistle from the ministry telling them that if they were going to continue the junior kindergarten program, they would have to increase their mill rate I think by 5%, even though they didn't need to, to be able to continue the program. In other words, if the program was going to continue, the local taxpayers would have to pay even though the additional funds were not required.

1710

I have another letter addressed to Mr Snobelen and to the Premier from Paulette Gagné, the secretary-treasurer of that board. They point out in this letter that they have decided not to operate the junior kindergarten program because of the demand of the ministry that they increase taxes, particularly because of the minister's admonition that local boards should not raise taxes. Isn't this board facing a double jeopardy? On the one hand they would like to continue a program that the people of Pickle Lake want. They're being told by ministry staff that if they do continue that program, they have to increase local taxes, but the minister has made it clear that he doesn't think local boards should raise taxes, so they decide not to raise taxes and therefore not have the program.

Why would we have, on the one hand, ministry staff sending a letter to this board telling them that if they continue their junior kindergarten program they have to increase their mill rate and, on the other hand, the minister making public statements all around the province that he doesn't think boards of education should be raising taxes.

**Mr Nameth:** The change in policy regarding junior kindergarten announced last November made junior kindergarten optional for boards and indicated that there would be a local share associated with the provision of junior kindergarten so that boards would be required to make a contribution explicitly for junior kindergarten programming.

Isolate boards are required to levy taxes at the same rate as their coterminous enlarged boards. In the past the basket of goods, the programming, was pretty much the same between the isolate board and the enlarged board. If an enlarged board took a decision not to offer junior kindergarten programming and the isolate board chose to continue to offer that program, the range of programs would differ from board to board, with the enlarged board and the coterminous board levying the same amount of tax, supporting two different programs.



**Mr Wildman:** I understand what you're saying, but didn't this board face contradictory instructions from the minister and ministry staff? On one hand they were saying, "If you exercise our option, you have to raise local taxes," and on the other hand you had the minister saying, "Don't raise local taxes."

**Mr Michael Brown:** I think that's a political question.

**Mr Wildman:** Well, it is.

**Mr Skarica:** That's a matter I'm going to have to look into.

**The Chair:** It seems to me that the minister may have to respond to that one directly.

**Mr Wildman:** Yes. Okay.

**Mr Young:** Where's the letter from the ministry you're talking about?

**Mr Wildman:** It's attached on the back.

**Mr Skarica:** You're right, Mr Wildman. It was always our contention that these savings could be achieved without raising taxes.

**Mr Wildman:** There was a previous letter, sorry, that is not attached which instructs them to raise taxes. I tabled it in June when I raised it in the committee.

The other question I have is, last year when the grants were announced for boards I think there was an indication that in future years they would get a multi-year schedule for grant levels as the other MUSH sector —

**Ms Andrew:** I think that was a few years previous.

**Mr Wildman:** Well, no. Last year, you recall, the other MUSH sector partners such as hospitals and colleges were told what their grants were going to be for two years. The boards of education were told it was for one year but there was an indication that in future years they would get a multi-year projection. Is that not right? Am I wrong? I thought that was the case.

**Mr Wright:** At the time they were told there would be future years and there was a hope that it could be multi-year. At this point the government hasn't made its decision on what it's doing for 1997-98 or if it's going to be a two-year.

**Mr Wildman:** So the decision hasn't yet been made. Okay. Can I ask then —

**Ms Andrew:** Excuse me, Mr Wildman. The allocations for colleges and universities were also one-year allocations. It may have been hospitals and municipalities.

**Mr Wildman:** It was hospitals and social service agencies and municipalities; that's right.

I think most of us here would welcome a multi-year projection if that's possible. Is it the position that the government is now awaiting the decisions or recommendations of the Who Does What panel and the education finance work that's being done before they make decisions on this year's grants, or will announcements on this year's grants go ahead anyway even if they don't have the results of the work of those panels?

**Mr Wright:** The transfer payment process to decide on what the allocation will be for each ministry and major program is now under way. No decision has yet been made. On some of them there may be Who Does What panel recommendations in time; for others there may not be. I don't think it's an entirely linked process that nothing will happen on transfers until everything on Who Does What comes in. They will likely try and move

them in tandem as much as possible, recognizing there are some linkages, but the transfer payment process will continue none the less.

**Mr Wildman:** Would it be a fair question to ask if the calculations you're working on now take into account major reductions?

**Mr Wright:** Is that related to the Who Does What panel's activity? Right now they are not doing that kind of activity.

**Mr Wildman:** No. You said you were working on the transfer payments now.

**Mr Wright:** Yes, we're discussing with Treasury. I'm afraid I'm simply not at liberty to talk about that.

**Mr Wildman:** I thought that might not be a fair question but I thought I'd try it anyway.

I would be interested at some point in finding out who the nefarious individual is who came out with this \$600-million figure that the minister says he never used so that we will find out that we are not looking at these serious cuts in transfer payments this year and that the minister is going to meet a commitment to maintain the transfer payments at least at the levels they were last year.

**Mr Wright:** I don't think that's quite what the minister said. Good try.

**Mr Wildman:** One further question: What were the total expenditures for the ministry last year? I should have that figure before me and I don't.

**Ms Andrew:** The ministry itself or including the grants?

**Mr Wildman:** Everything.

**Ms Andrew:** Let me just check this. Everything is \$7,541,254,900.

**Mr Wildman:** How much was spent on the main office? These are estimates, after all.

**The Chair:** Do you have an estimate before you, Mr Wildman?

**Mr Wildman:** No, but I thought I'd use the last two minutes to get the information.

**Mr Clement:** I'm sorry, your time's up.

**Mr Wildman:** I remember a member, Pat Reid, who served for a long time for Rainy River who always used to ask questions about the actual expenditures in estimates and I thought it was good idea.

**The Chair:** Mr Clement was alert to that fact all the time, but I'm sure that information can be given to you.

**Mr Wildman:** Really we should know how much was spent on the main office. After all, there are a number of people from there right here.

**The Chair:** I think what happened — you threw them off with relevant questions now.

**Mr Wildman:** My question then is, how much was also spent on the regional offices?

**The Chair:** In the meantime, while you're pursuing other questions, Mr Wildman, I think time has run out.

**Ms Andrew:** We can respond. By "main office" do you mean the minister's office?

**Mr Wildman:** No. The minister's office is usually included in the main office vote.

**Ms Andrew:** The main office vote and the regional office votes?

**Mr Wildman:** Yes.

**Ms Andrew:** Okay. We will get that answer to you.

**The Chair:** Those will be made available.

**Mr Wildman:** We'll leave it on the record that as of right now in estimates we haven't been able to get those figures.

**The Chair:** I think they're trying to understand what the main office was. That in itself brings us to the end of the estimates time for the Ministry of Education and Training. I shall now do the other official procedure of the meeting.

Shall votes 1001 and 1002 carry?

**Mr Wildman:** Mr Chair — I'm not trying to be difficult — could we read out the numbers we're voting?

**The Chair:** The numbers of what?

**Mr Wildman:** How much money in each vote.

**The Chair:** Vote 1001 under operating is \$18,898,100. All in favour? Opposed? Carried.

Vote 1002 under operating is \$7,299,590,400. Carried.

Capital on the same vote is \$222 million. Carried.

Shall the estimates of the Ministry of Education and Training carry? Carried.

Shall I report the estimates of the Ministry of Education and Training to the House? Agreed.

Such a cooperative group. Thank you very much. I thank the staff for their perseverance and their intelligence and support.

We stand adjourned until tomorrow, when we shall meet for the Ministry of Health estimates.

*The committee adjourned at 1723.*









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Mr Bud Wildman (Algoma ND) for Mr Kormos  
Mr Terence H. Young (Halton Centre PC) for Mr Rollins  
Mr Bill Vankoughnet (Frontenac-Addington Ind) for Mrs Ross

#### **Also taking part / Autres participants et participantes:**

Mr Toni Skarica (Wentworth North / -Nord PC)  
Mr Tony Martin (Sault Ste Marie ND)

**Clerk / Greffier:** Mr Todd Decker

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## Assemblée législative de l'Ontario

Première session, 36<sup>e</sup> législature

# Official Report of Debates (Hansard)

Wednesday 2 October 1996

# Journal des débats (Hansard)

Mercredi 2 octobre 1996

Standing committee on  
estimates

Comité permanent des  
budgets des dépenses

Ministry of Health

Ministère de la Santé



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## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATESCOMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Wednesday 2 October 1996

Mercredi 2 octobre 1996

*The committee met at 1549 in committee room 2.*

## MINISTRY OF HEALTH

**The Chair (Mr Alvin Curling):** We begin the estimates for the Ministry of Health. We have seven hours and 30 minutes, and we lead off with the minister making his statement.

**Hon Jim Wilson (Minister of Health):** I'll just take a few minutes to give a few introductory remarks. Mr Chairman, members of the committee, I'm pleased to appear before you again this year to address the Ministry of Health estimates for 1996-97. I'm grateful for the opportunity to discuss the achievements of the government in the area of health care over the past year and the direction we'll be taking for the future.

My focus will be on what has been done, where we are now and where we are going. Let me start by trying to provide some overall perspective.

We are here to look after the best interests of patients; to ensure that our health care system adapts successfully to the changing needs of Ontarians; to ensure that we continue to have the money and resources to do what is necessary. We are here, in short, to ensure that the people of Ontario continue to have a high-quality health care system.

To sustain the quality of that system, I believe it has to change, and it has to change urgently and fundamentally to meet the changing needs of Ontario's population. Physicians, nurses, pharmacists and many others within the health care system are coming to realize the need for change to better meet the needs of patients.

The population is aging, leading a healthier lifestyle and becoming more diverse. Technology has made giant strides in many areas, making new treatments possible and rendering old procedures obsolete.

The difference between the change we are undergoing in health care today and the change that has often characterized government programs in the past is the urgency with which we must move.

I pointed out a year ago when I appeared before you that this does not mean that we need to spend more money on health care in Ontario. It does mean we have to spend it differently.

We have to restructure the entire health care system to be able to invest in new programs and services for patients. For example, just recently I announced \$2 million in one-time funding for coronary stents. The use of stents could mean less need for additional procedures, which will lead to savings. We'll be bringing forward a more comprehensive cardiac services plan later this year.

Governments across Canada are facing serious fiscal constraints and must be strategic in allocating financial

resources to priority needs. We are aware of this need and we are designing high-quality programs that work.

To give some examples, let me turn now to what has been achieved in the past year.

Our commitment to hold health care spending at \$17.4 billion annually remains firm. When this government came to power, we promised we would protect health care spending, and we're doing it in spite of the fact that we're now seeing a reduction of \$2.1 billion in transfers from the federal government. Our commitment to health care funding stands despite the federal government's actions.

There have been changes, however, with how money is spent in the health care envelope, consistent with the vision for a new health care system that I presented in my estimates speech in February.

I promised to shift resources to community-based services and away from expensive institutions; to begin to reform primary care so physicians and other health care practitioners can practise to give maximum benefits to patients; to reinvest in priority areas; and to expand treatment programs in cancer care, dialysis, cardiac care, community mental health, long-term care, public health and community health services. This is a vision that emphasizes prevention, early detection and intervention and allows us to reinvest our resources in such critical areas as breast cancer screening.

It's a vision that includes more efficient hospitals with more accessible programs. It's a vision that uses information technology and health information to link our health care system, to measure health outcomes and obtain more accountable spending.

I promised you in February that I would give you concrete examples of the reinvestments we've made as we transform the Ministry of Health and the health care system. This money for reinvestments came from within the budget envelope and has been focused on the needs of patients. I'm proud of the successes of the past year.

We've made a reinvestment of \$170 million over this year and next in community-based services such as nursing, personal care, homemaking, meal programs, attendant care services, and therapies such as speech language pathology, physiotherapy and occupational therapy. These services will help avoid any possible gaps at the community level possibly created by hospital restructuring.

Funding has been used for palliative care, supportive housing and aboriginal long-term-care services. This reinvestment, \$170 million, will create some 4,400 new front-line jobs and 80,000 more Ontarians will benefit from community-based services.

We invested \$25 million into 18 hospitals in high-growth areas to help them deal with the pressures of a growing population on their services.



We streamlined 74 home care and placement coordination programs into 43 community care access centres. Those centres will simplify access to long-term-care services and reduce administration. They will be up and running early in 1997. Most of the boards in the province are now in place.

We are implementing a \$23.5-million community investment fund to treat people with severe mental illness and to build up community support, such as a valid option to institutionalization.

We have expanded dialysis services across Ontario, allowing kidney patients to receive treatment closer to home, by reinvesting up to \$35 million.

We have dramatically reduced waiting lists for heart surgery by reinvesting up to \$16 million in cardiac surgery over two years, resulting in the treatment of 1,435 more patients, which is almost a 20% increase in cardiac surgeries.

We will reinvest \$12 million over the next three years in Ontario facilities to treat acquired brain injuries. If you saw your clips today, there are some tremendous success stories with respect to this program. We are repatriating about 75 Ontario residents currently receiving treatment in the United States so they can be closer to home, family and friends.

We have restored out-of-country health coverage for Ontarians to \$400 from \$100 per day, in keeping with the Canada Health Act. We're one of the only provinces now in Canada that's in full conformity with the Canada Health Act.

We have expanded the Trillium drug program to make it easier for another 140,000 working poor to receive assistance with catastrophic drug costs. We are prepared to reinvest up to \$45 million for the drug costs of these people.

With funding of \$4.5 million, we are providing a second immunization for school-age children that will virtually eradicate measles in our province over the next two years.

I announced that we will start a new program to immunize seniors and other vulnerable persons against pneumococcal disease — serious pneumonia — at a cost of \$20 million over three years. We are also immunizing secondary school students who have not been vaccinated against hepatitis B, as well as continuing with our grade 7 hepatitis B immunization. I was at Central Tech earlier this week to launch that province-wide program, at Central Tech high school here in Toronto.

We have introduced community-sponsored contracts to recruit physicians in 21 of the most underserved northern communities, at a cost of \$6.7 million per year. We also created a community development officer for northeastern Ontario and a job registry to bring together physicians and communities looking for physicians.

We have introduced programs in rural medicine and a network to move medical training programs from southern medical schools to the north.

We've introduced a \$70-an-hour sessional fee to help with recruitment and retention of physicians and ensure emergency room services in small, rural and northern hospitals, at a cost of \$15 million. To date, 69 of the 77 eligible communities are registered and six others are

interested. This allows the communities to restore or maintain 24-hour emergency room coverage, something many people in large urban centres take for granted.

In this year's budget, we announced the reinvestment in breast cancer screening and treatment, as well as the treatment of ovarian cancer. October is Breast Cancer Awareness Month and I look forward to announcing further details of our strategy in the coming weeks.

In the budget, we also announced \$10 million for a healthy babies program, and another budget initiative at \$10 million this year, growing to \$20 million in the coming years, is a pre-school speech and language therapy program.

We have enhanced level two paramedic training through the Ontario Pre-Hospital Advanced Life Support project, at a cost of \$15.5 million. Soon Ontario can look forward to having paramedics in all of our ambulance crews across the province, as this program moves along.

We will almost triple the number of magnetic resonance imaging units across the province to 35 from 12, at an annual cost of \$150,000 per machine, which translates into \$3.45 million per year. This will ensure timely access to this technology throughout the province. New units have been announced for Sudbury, St Catharines, Oshawa, Mississauga, Brampton, Barrie, Timmins, Sault Ste Marie, Windsor, Newmarket and Burlington. I should mention that 35 MRIs, when they all come on line, will bring us up to European standards, and we'll be there with some of the best standards in the world. The idea is to have access of one machine for about every 320,000 people, which is an excellent standard and one we will achieve.

We have added an average of 18 new drugs a month to the Ontario Drug Benefit Formulary. We have done this by controlling costs and being the last Canadian province to introduce some form of copayment. This allows us to add new products as they become available. As opposed to the previous government's approach, which was to unilaterally delete some 260 drugs from the formulary, we've added slightly under 260 drugs since coming to office, the first time in many, many years that new drugs have been added to the formulary in such large numbers.

#### 1600

We are creating a \$1-million province-wide nursing database. This will provide up-to-date research data to nurses to let them learn about and use the best practices available in nursing today. This information sharing will improve patient care.

Just last Friday in London, I announced \$5.8 million in a reinvestment to expand diabetes education programs and services and create four new regional diabetes networks.

On Monday of this week, I announced a \$2-million reinvestment in an HIV viral load testing program as part of Ontario's comprehensive response to AIDS.

We are working to create a smart electronic health information network so we can determine how care is being delivered and where money is being spent across our health care system. This will help us reduce unnecessary services, inappropriate medical interventions and insufficient patient follow-ups.

I am particularly excited about the potential for using information technology to support and improve health care in Ontario. Improved use of information technology to link health care providers will provide better care to patients by measuring what works.

Many actions and activities in Ontario's health care sector support the evolution of the smart system, including:

Working on primary care reform to find ways to keep information flowing to and between primary care physicians so they become more efficient.

Implementing the review of provincial laboratory testing in order to improve the system so that results go to where they are needed and are not unnecessarily repeated.

Hospitals in areas such as Waterloo, Toronto, Thunder Bay and London are developing technology systems that link health care providers to share information. These projects include the electronic transfer of X-rays and test results between hospitals. Another wonderful project I had the pleasure of inaugurating is the Hospital for Sick Children's telemedicine program with Thunder Bay hospitals. This initiative allows children to be examined in Thunder Bay by Toronto specialists, thereby reducing travel costs and stress for patients and their families.

I would now like to move from what we have done to where we are today and talk about how we are addressing some of the major issues facing Ontario. It is important to note that Ontario is the last province to undergo restructuring of our health care system.

Hospital restructuring is of crucial importance to sustaining the quality of our health care system into the 21st century. In April this year, the Health Services Restructuring Commission began its four-year mandate to implement restructuring plans.

Through district health councils, Ontario communities became involved in planning for restructuring under the previous two governments. More than 30 communities, involving 134 hospitals, began major restructuring projects. In total, about 60 restructuring studies of some form or another were launched, at a total cost of \$26 million for the previous government.

All projects included extensive consultation with hospitals, the people who work in them and the communities they serve. To give you an idea of the extent of the consultation that has taken place, the "standard" DHC restructuring project includes literally thousands of people providing input. District health councils received hundreds of written submissions and telephone calls. Then there were town hall meetings, meetings with hospital staff, either personally or in groups, meetings with unions, first nations and francophone groups where appropriate — and I could go on.

The bottom line is that a great deal of work has already been done and we have heard from the communities. If we want to maintain the excellence of our hospital system, we have to restructure it now and not delay important decisions any longer.

We have to do this because between 1989 and 1995 previous governments eliminated more than 8,400 hospital beds — the equivalent of about 33 midsized hospitals — but no hospitals were ever closed. The

existing infrastructure was left largely intact. The administration is still there. This costs our health care system millions of dollars annually, money that could be spent directly on patients.

Bricks and mortar do not cure patients. High-quality health care professionals and the programs they run cure patients. As I said in the Legislature earlier this week, people, not buildings, cure people. A hospital system that puts patients first and focuses on caring for them is what I think we all want to create.

Duplication, overlap and overcapacity in major service areas have remained untouched. Service inefficiencies continue. At the same time, advances in medical and hospital care, drug therapy and more advanced technology mean shorter stays and a shift to day surgery and ambulatory care.

The government created the Health Services Restructuring Commission at arm's length from government and empowered it to implement local hospital restructuring plans and engineer a reformed hospital system that puts the needs of patients first. There is only one reason that needed restructuring has not happened over the last 10 to 15 years, and that, my colleagues, is politics. It's time we took the politics out of the process. That's why we created the Health Services Restructuring Commission and put it at arm's length from the government.

The commission's job is to provide direction to help transform Ontario's hospital system to provide integrated, quality, front-line patient care. It's no easy task, but I'm confident that when I appear before you next year I'll have a great deal to say about the progress of hospital restructuring.

My confidence stems from knowing the expertise of the people making the decisions. The chair of the commission is Dr Duncan Sinclair, dean of the faculty of medicine at Queen's University. He has participated in many panels — for many governments of all stripes — and committees which have provided advice to the health ministry over the years on issues such as cancer care and health human resources, to name but two.

The chief executive officer is Mark Rochon, former CEO of Humber Memorial Hospital.

Dr David Naylor is chief executive officer of Ontario's prestigious and world-renowned Institute of Clinical Evaluative Sciences. Dr Naylor is serving as special adviser to help the commission with its research and analysis.

The commission members include Shelly Jamieson, the executive director of the Ontario Nursing Home Association; Dr Maureen Law, a former deputy minister of the federal Department of Health and Welfare; George Lund, president and CEO of Baton Broadcasting; Hartland MacDougall, deputy chair of London Insurance and founding chair of the St Michael's Hospital Foundation; Daniel Ross, a London lawyer with an extensive health care background including involvement in London's hospital restructuring; and finally, J. Donald Thornton, who brings a 10-year experience as board member of Oshawa General Hospital as well as his experience as an executive at General Motors.

Ontario also benefits from the experience elsewhere in Canada, because Ontario is not alone when it comes to



restructuring of our health care system. As I said, we're behind almost every other province; in fact, I'd say we're behind every other province in Canada.

In Manitoba, the Centre for Health Policy and Evaluation recently published a report evaluating the impact of downsizing the hospital sector on access to quality care in Winnipeg. The report concluded that access to hospital services actually improved by hospital restructuring and that the quality of service levels was unaffected. Nursing care per patient actually went up. The number of hip and knee replacement, cataract and other surgeries went up. Some went up as high as 33%.

They did it by organizing their resources effectively and concentrating on patient needs. The bottom line is that hospitals and caregivers looked beyond the bricks and mortar, beyond protecting their territory. They looked at patient needs and the whole system. As a result, they increased the efficiency with which they deliver care.

Across Canada, from Newfoundland to British Columbia, governments of every stripe and everyone involved in hospitals are meeting this challenge and coming up with improved ways to meet patient needs. Hospital restructuring is one area where we are making long-overdue changes to preserve our health care system and ensure that it puts patients first.

Before I move on to the other area, I wanted to just quote — because not all members would have seen it — the Sudbury Star editorial of yesterday:

**"Restructuring Plan Makes Sense.**

"If the benchmark of the hospital restructuring exercise is to achieve a more efficient and cost-effective hospital system, then the plan unveiled by the Health Services Restructuring Commission yesterday morning would seem to meet those standards.

"If the goal of the restructuring exercise was to improve or maintain the level of patient care provided by Sudbury's hospital system, then it would seem that the plan meets that objective too.

"While there are members of the community who will argue that closing two hospitals in the city will devastate the system, it would appear from the information provided by the commission that it is a sound plan.

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"Yesterday the commission announced that it was recommending the closing of both Sudbury General and Sudbury Memorial hospitals in 1999. The services offered by these two facilities would be transferred to Laurentian Hospital.

"To accommodate the new services, Laurentian Hospital will undergo a \$68-million expansion. In addition, the commission recommended that another \$8 million be spent on new equipment for the hospital. The changes will also result in reduction in the number of beds to 496.

"The commission estimates that the one-hospital system will save the local system about \$41 million annually — about 25% of the current hospital budget.

"There are recommendations for the province to provide funding for community-based care. With the length of hospital stays decreasing and more people receiving care in their homes, it seems reasonable that the number of beds should be reduced. In fact, commission member George Lund noted in a meeting with the Star's

editorial board that when the new system is in place there will still be an excess number of beds.

"Naturally, there will be job losses within the hospital sector, but at this point in time it would be irresponsible to estimate the extent of such losses. The commission rightfully noted that there are many factors in determining the extent of job losses. Among these factors is the attrition within the workforce and the transfer of workers from hospitals to community-based services.

"While the decision will have an effect on the local economy, the main focus of any debate regarding the restructuring process must begin and end with the quality of patient care. Will care suffer under the changes recommended by the commission? It is unlikely.

"Simply having all services available at one location makes the proposed system preferable to the one currently in place. Patients will be able to receive surgical, diagnostic and rehabilitative services without leaving the hospital. At the present time, patients and doctors must travel between hospitals to receive or administer care — hardly a perfect system.

"The commission has crafted a plan that will likely enhance Sudbury's hospital system and its stature as a referral centre for northeastern Ontario. Now it is up to the community to ensure that this lofty stature is attained."

That's the editorial from the Sudbury Star of yesterday.

We're also moving forward in another critical area of health care; namely, our work with doctors to reform primary care. We are making improvements to the system so that the patient gets the best service, not just from physicians, but from the provider that can help the most.

Another goal is to have a better-informed patient, one who is more involved in managing his or her health care.

Recognizing the importance of primary care, I announced on July 18 that Ontario will proceed with province-wide primary health care reform. Key components to be studied and evaluated include comprehensive and continuous care; rostering with a person's provider of choice; population-based funding, reflecting patient complexity; cost-effective use of information technology; and promotion of quality care through ongoing provider education.

I appointed a steering committee to advise me and to guide primary care reform and to consult with key stakeholders such as nurses and other primary care providers. The committee, which is headed by Dr Wendy Graham of the Ontario Medical Association, will make recommendations to me on potential primary care pilot sites by the end of this year.

The changes we foresee will allow patients to choose the family physician or group of physicians with whom they want to roster and enter a contractual relationship with the physician. Rostering commits the patient and the provider group to each other through a written understanding that sets out where patients will receive their primary care and the obligations of the providers. It's a two-way street.

The benefits of the primary care reform include improved access beyond regular hours, including telephone advice and a 1-800 number for health information and triage; greater coordination of referrals to specialists;

patient accountability without sacrificing the freedom to choose their family physician or health care provider of choice; stable and predictable funding for physicians; improved flow of information to support quality care.

I can proudly say that Ontario is taking the lead in Canada in this area. I look forward to discussing how we have established successful pilots when I appear before this committee next year, because we are committed to having the pilots in at least two areas announced at least and hopefully up and running by Christmas.

It goes without saying that physicians are crucial to primary care reform and to the health care system as a whole. As caregivers they play a lead role. Despite media reports and opposition grandstanding to the contrary, our goal is to work cooperatively with the province's physicians.

For more than 10 years, in fact I would argue 15 years, the relationship between various Ontario governments, regardless of political stripe, and physicians has been unsatisfactory to both sides. You can't fix at least 10 years of neglect in a day, but as promised by both myself and the Premier, we will negotiate seriously and in good faith with the Ontario Medical Association, and those negotiations began yesterday. Our negotiating team is well under way in their efforts on our behalf to do everything they can and we can to bridge the gap between government and physicians.

Our short-term goal is to draft a memorandum of understanding to address the issue of additional funding for medical services. Longer term, we want to resolve problems regarding payments to physicians, physician distribution across the province, and other important issues.

The bottom line is the need, which I'm sure physicians share with me, to safeguard access to medical services, and I'm confident that together we will succeed.

Ontario is not alone in dealing with challenges when it comes to physician-government relations. British Columbia signed a new agreement with its physicians last spring. There is a hard cap for the first time on physician payments. Physicians are projected to overspend the amount budgeted, and BC's Medical Services Commission last week announced a 3% holdback. It sounds rather familiar, doesn't it?

Alberta continues to reduce spending on physician services. The physician budget will be reduced by \$50 million by the end of 1997-98. We fully preserved our physician budget in this province.

Saskatchewan has been using a utilization commission to reduce the volume of medical services. A utilization formula requires the government and the doctors to share equally the cost of utilization increases of more than 1%, so if use of the system goes up more than 1%, both parties are affected. Negotiations with the Saskatchewan Medical Association began late this year on a new agreement.

New Brunswick is in the process of ratifying a new agreement with its medical society. For the first time, physicians there will be subject to threshold discounts of \$275,000 for general practitioners and \$400,000 for specialists.

Nova Scotia signed a new agreement with its physicians last year. It reduced physician expenditures by

1.8% and restricted new billing numbers to places in need. The budget is hard-capped and physicians remain subject to thresholds.

Let me turn now, Mr Chairman — and I'm concluding very soon — to my vision of the future of health care in Ontario. The future can be summed up in really three words: integrated health care. Our overriding goal is to provide quality health care at an affordable price. This means putting the patient first. It means shaping the process to serve the needs of quality health care, not the other way around.

Integrated health care provides a coordinated continuum of services to a defined population. Its participating network of organizations agrees to be held clinically and fiscally accountable for the outcomes and the health status of the population it has agreed to serve. Integrated health care brings together assessment, diagnosis, treatment, care, prevention of illness and promotion of healthy lifestyles.

In the past, various stakeholders such as hospitals, doctors, community agencies, pharmacists, drug manufacturers and private health providers, just to name a few, often worked in isolation from each other. What has often been missing is the integration that puts patients first and offers them quality care at every stage of their journey through the health care system. Patients want and need a clearer path from doctors to medicines and therapies, to hospitals, to care in the community, and back again if necessary.

Modern, integrated health care is comparatively new as a concept. Until fairly recently, the traditional government response to new needs in health care was generally to allocate more taxpayers' dollars to solve problems. But this has changed as the growth in health care expenditures started to snowball. They increased faster than inflation and faster than the growth of the population itself — much faster. Finally, they began to outgrow the ability of governments to finance them.

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As early as 1987, reports to the Ontario Premier's Council were pointing out that the money was drying up. New areas, they said, would have to be funded by reallocation of existing resources. This reallocation could be done without sacrificing quality care.

More than once in the 1980s, the Premier's Council said that health care in Ontario did not need the infusion of more public or private money. Some reallocation took place in the early 1990s, for example, with the beginning of reductions in Ontario's high rates of hospitalization and the closing of the beds that simply weren't being used. The move to reallocation became a major policy priority last year when the government protected health care funding and announced major reallocations within the envelope, and I've talked about a lot of those reallocations or reinvestments.

The next step, which is only now beginning, is to change not just where the money goes, but the entire process of how it's used. The thrust of this new policy is that money flows with the patient, not the provider. We call it patient-based budgeting or patient-directed care; there's a whole pile of terms out there. But the idea is that you break down the silos and the dollars go with the



patient who needs the care. Every other interest is secondary to the patient's interest. When the best interests of the patient dictate more outpatient medication and shorter hospitalization, that's where the money will go.

Make no mistake. Integrating the health care system in this way will be a profound change, and merely talking about it in Ontario has stirred up a great deal of reaction from a lot of people. But as we've said, Ontario is not alone. In fact, we're one of the last in Canada to make needed changes, and certainly one of the last in North America to make needed changes.

There will also be change in how the Ministry of Health does business, in how hospitals are managed, in how physicians and other care providers do their job, in the level of understanding of patients, in how drugs are dispensed and paid for.

As I've said, we don't really need to spend more money on health care in this province. In fact, we spend up there at a per capita basis with the best in the world. We do need to spend it better, though, and we have to shift the way we target expenditures to take account of broad medical, social and demographic developments which are transforming the face of Ontario.

Government has no way of achieving this unilaterally. Integrated health care can only be achieved by the efforts of all participants and stakeholders in the health care system working together as a team.

**The Chair:** You're past the extent of your time, Mr Minister. I've allowed about two or three minutes.

**Hon Mr Wilson:** I didn't know I had a time limit. You didn't tell me at the beginning.

**The Chair:** Thirty minutes. What I suggest is to let him complete his statement. Is that agreed? Agreed.

**Hon Mr Wilson:** Thank you, Mr Chairman. This brings me to the reasons that integrated health care has become a central part of the Ontario government's new approach to health care reform. The goal is to create an efficient system that puts patients first by providing quality care and by ensuring Ontario taxpayers get value for the money spent. A lack of integration again means that hospitals in the same neighbourhood often offer the same services. Tests are ordered time and time again because information does not travel with the patients as they make their way through the system. Patients are X-rayed two or three times, at great cost both financially and to their health. We often hear these stories when we're back home in our ridings about the repeated tests or the repeated X-rays.

We cannot afford to carry on doing things the same old way. The entire health care system needs to catch up to clinical advances to make sure that quality care remains available. Integration is the key, perhaps the only way to free up the funds for new drugs, for new technology such as MRIs, or new medical procedures.

Integrated health care is beginning to be seriously examined by health managers, providers, policy analysts and academics. Even more significantly, they are increasingly working jointly rather than in isolation.

Government can't do this alone, but it does have a major role. We have made major changes, including redefining the role of the Ministry of Health. We have a detailed business plan which explicitly aims to achieve

seamless and accountable health care and an equitable distribution of resources across the province.

As I have explained — and I'm almost finished — we are making a concerted effort to shift money into community based services and to front-line, patient-focused services that may be delivered in new ways. But in the last resort, we have to do more if we want to achieve a high-quality health care system which is not only patient-centred but also highly effective and affordable.

We want to move towards integrating assessment, diagnosis, treatment, care, illness prevention and health promotion. That's our vision of integrated health care, Ontario style.

That vision is shared by organizations such as the Ontario Nurses' Association, who recently came out with a very similar plan and an almost exact vision for health care in Ontario as we articulated earlier this year in the ministry's business plan. They call it integrated delivery systems. Starting now, we're going to start calling it integrated delivery systems so that the language is the same and that ONA understands that we have the same vision of health care.

I don't want to put a deadline on it, but I can promise that my report back to you this time next year — and I don't keep saying, Mr Chairman, with all due respect to members, that I'm necessarily going to be the Minister of Health next year. But if I am the Minister of Health next year and I'm the one reporting to you, I hope that I'll be reporting considerable progress to you along all of the lines that I've mentioned in my remarks, and I thank all of the members quite sincerely for their patience.

**The Chair:** Thank you, Mr Minister. We have the rotation process now; first, the Liberals. You have 30 minutes in which to make your comments.

**Mr Michael A. Brown (Algoma-Manitoulin):** May I first thank the Minister of Health for his comprehensive statement. You having been a health critic who was known at times to raise the level of partisan comment in the old days to a rather shrill level, to a level where many of us who shared the same part of the chamber were concerned that we all should take CPR just in case —

**Hon Mr Wilson:** I've changed my prescription, so —

**Mr Michael Brown:** I've noticed that obviously there must be a change.

I appreciate the minister's information. However, I think we all understand that under Bill 26 you have in effect made yourself the czar of the health care system and that public input and the very patients or people of Ontario we are attempting to serve are now on, I would suspect, a high-risk voyage as the system, it appears to me and my party, seems to be being piecemealed, Band-Aided, downsized in a way that many of our people in Ontario are very concerned with. Your words are eloquent. Your actions, especially in some of the recent hospital announcements — ie, Thunder Bay and Sudbury — leave some of us puzzled.

I would just speak to the Sudbury situation in a moment, where we understood your party to have made firm commitments to keep both of the two hospitals that are now being closed open. It strikes us, when you talk about partisanship, that there is possibly nothing worse than the partisan comments that were made prior to the election being totally discarded when you come to power.

Now I want to speak, because I'm a rural northern Ontario member, about the effect of these restructurings of hospitals on the people I represent. While I have not had an opportunity to completely read the Sudbury restructuring proposal, I do know that as a member whose constituents rely significantly on the Sudbury health care system to service patients, we know that there's going to be a dramatic reduction in the number of beds.

In the report, however, hospital restructuring seems to be done almost totally within the confines of the Sudbury hospital situation. It is inexplicable to me, if you are going to restructure hospitals in a given region, why all hospitals weren't considered, and that apparently was not the case. We see that there are interesting developments in hospitals in Espanola, now on Manitoulin Island, now in Elliot Lake and Blind River, and we wonder how they fit into this whole proposal. Although there is some statistical information in the report, it appears to me, from my reading of the document, that on the restructuring of hospitals there has been no account of acute beds, chronic care beds or the long-term-care facilities in terms of how they will be totally impacted by these measures.

1630

Later on some other members will be joining me who will want to talk more particularly about hospital restructuring, but we are surprised about the level of partisanship before the election and the total reversal of those policies after you attained the government position.

I also want to speak a little bit about the other election promise that was quickly broken: the promise by the Premier not to introduce user fees or user taxes, copayments, because Mr Harris said they were all other words for taxes, into our system.

We're interested in a number of issues surrounding that other than total disregard of your election pledge. I put it to you that we're seeing great inequities in my area, for example. I spent last Friday morning with the residents of Manitoulin Lodge in Gore Bay, and they told me that the situation at the particular facility is that they all pay the \$2 user fee. However, their friends of the same age who are in the community are not paying a cent because the two local pharmacists have waived the \$2 charge. So you have a situation where, if you're in the hospital, you're not paying the \$2 user fee and if you're in the community you're not paying the \$2 user fee, but if you're in the institution, because the institution purchases its pharmaceuticals from another supplier who charges the \$2 user fee, these people are being discriminated against. It puzzles me why you would not exempt patients in all nursing homes and all homes for the aged. There appears to me to be no logic to this entire policy and how it's enforced.

We're also concerned with the cost of the administration of this program and the confusion that is happening at local pharmacies. We're confused about the coupons that are being given by certain pharmacies and whether you think that's an appropriate thing for pharmacies to be proceeding with. It occurs to me that that is perhaps in contravention of at least one law. We are concerned that many folks who pay this user fee just don't have the resources, whether they're disabled people on the present welfare system or whether they're elderly people who

require those kinds of funds. We'll be pursuing, as we go through these estimates, more of those concerns around fees or taxes on drugs.

I was very interested in the minister's vision for reform of the system, and it strikes me that you've got this all backwards. I have no argument with your vision of the system. We also believe in an integrated system. But you've come at it backwards. You're closing the facilities, you're closing down beds, you're engineering the system entirely from the top, and then you say to people, "We're going to have patient-centred funding," but you've already made the determinations about what facilities will be open and what will be closed, how it will be provided through the hospital restructuring plan. It seems to me that you need to come up with an integrated system, and on a regional basis they could make those decisions about resources which would make far more sense.

I'm back to hospital restructuring. In the Sudbury instance we had a report on hospital restructuring that was adopted by the district health council. You then fired about half the district health council and ignored the new one, coming up with a different plan totally than what the public had been led to expect. To say the least, it is very difficult to follow your logic as you go through this planned integration. You seem to be making it up as you go.

We're concerned about women who are having difficulty finding an obstetrician these days. I happened to be watching *Newsworld* this morning where there was a representative of both general practitioners and obstetricians who were extremely disturbed by the ministry's intransigence about meeting their needs.

You said, and I agree, that the focus of the Ministry of Health should be on the patient. It seems to me that in this instance there is great anxiety in most major centres across the province about the availability of obstetricians, and I think the anxiety that is being created with those patients even now is something the minister underestimates.

Strangely enough, I have a numbers question for estimates.

**Hon Mr Wilson:** It doesn't seem strange to me.

**Mr Michael Brown:** One thing I want to know is, how many programs or partial programs have been transferred to the Ministry of Health from other responsibilities, ie, within Comsoc and other ministries, that now appear within the budget of the Ministry of Health? I'm also interested in how you finally arrive at the \$17.4 billion in health care spending. Clearly, if you have a look at that, you've also increased your revenue from that system by what you tell me is about \$225 million. We look forward to some kind of response to that.

We see health care providers being laid off across this province. What measures does the minister have in place to look after those health care workers? Is the plan to send them all to Texas or is the plan to reintegrate them into the system? What will be their successor rights? How will that work? We have a great number of very valuable people in our system who have contributed over the years to the health of Ontarians, and we are very concerned that their skills will be underutilized and that



the people of Ontario, the patients we hope to serve, will not have the value of their expertise.

We wonder about capital projects — we see the huge commitments of capital that are needed or that the restructuring commission says it needs today to make these restructurings work across the province, multi-millions of dollars — and whether those funding commitments will be in place.

1640

I was speaking with members of the Ontario Hospital Association not long ago. They are extraordinarily concerned that the government's transition numbers don't make any sense for hospitals and that, while there will be savings through restructuring, they will be at least a year out in time from when the ministry now shows them as actually impacting on the system. Over the short term, even if there are considerable savings and patients are better served, the transition funding is, in their view, inadequate and they will not be able to meet those budget numbers without a very severe impact on patient services.

In my area I've had some hospital administrators indicate that they believe there is only going to be one option for them next year and that it will be a direct impact on patient services. They said that up to this time they've been able to avoid that but next year is a different story.

I'm also interested in community care access centres. I'm amazed at this policy direction. In most of Ontario, at least in the part I'm from, most functions of these new access centres were being administered by health units. I wonder why they just did not take over the new mandate, why it was necessary to create a new bureaucracy to fulfil a function which in most cases was already being fulfilled by the health unit in the area. It seems to me that this is a duplication of service, not an efficient use of the government's funds, that the boards appointed by the health units were broad-based community boards that very much mirrored what the minister wanted to see happen with the community care access centres and that this will cost more, not less, and will create some confusion in the delivery of service in the interim.

I understand that in Toronto, in some of the major centres, that's not the case. Why was it necessary to go across the province and change the way administrations were presently providing the service?

I'm interested in the minister's approach to physicians, especially the rostering system, because I'm probably one of the few people in Ontario who is in a rostered system already. My family physicians are in an alternative payment plan. I am rostered to them. They provide excellent — superb — service. They are of great benefit to the community but even they have some major problems with the way the alternative payment plan is working. I just give the minister one example.

In a relatively remote area such as Manitoulin Island our physicians in Gore Bay might have to send, and often do send, a patient to Little Current by ambulance to have a fracture set. They have to do that because there's no hospital where they are. When the patient gets to the hospital the physician at the hospital provides the service and the doctor in Gore Bay is deducted his fee because that physician is a GP. If he were a specialist it would

not happen, but there are no specialists. The problem is that it is a very inequitable system for those particular physicians and at least a minor irritant that those kinds of problems exist just because the other physician 45 miles away happens to be a GP and not a specialist. And it's something they could do themselves if in fact there was a hospital there.

I'm interested also in the ambulance services. I'm interested in the air ambulance service. Obviously, the integration of that service with land-based ambulances is still not perfect. From time to time I'm informed in my constituency about some difficulties in the system, and nowhere in your statement is the ambulance issue addressed. For a great many of the people I serve, that is one of the most important parts of the system that we need to see addressed.

How am I doing for time? Does anybody know?

**The Chair:** About 10 minutes.

**Hon Mr Wilson:** I'd be happy to answer your questions for a few minutes, Mike.

**Mr Michael Brown:** No, you answer in your time, Jim. Well, actually, that would be fair. Let's hear some of the answers to the questions we've presented so far.

**Hon Mr Wilson:** Because you're being gracious in giving up your time, I'll be quick. In Gore Bay, you're in one of the 73 health service organizations we have in the province. You're right; we want to build upon that. Dr Bob Hamilton from Gore Bay is on our primary care steering committee, so we're getting that advice from people.

With respect to community care access centres, we had no control over administrative costs in long-term care before. We simply gave 100% dollars to municipalities who, through their health units, 73 of them — we're going from 73 health units or programs, placement coordination or home care programs to 43, and we're dictating administrative costs.

We also, and I have said this to the Association of Municipalities of Ontario, had no way of ensuring that those 100% dollars didn't also go to hiring a road superintendent or didn't spill off into other parts of the municipal organization. We're in the process now of setting up 43 community care access centres that are operated by — and believe me, when I said that to a group of municipal politicians, nobody in the room gave me an argument. They all knew that there was some slippage in the system, that our 100% home care dollars, unaudited — you know, unless I was going to go in and audit 860 municipalities, I'd no way of knowing that those dollars were going to patients. They were just going into the municipal corporation. It wasn't the most efficient system.

In Metro home care, which is separate, so it's not a municipality, their administrative costs are through the roof. It just gets so big, one organization.

We're going to dictate and control administrative costs. We have set a percentage, that administration can't exceed a certain percentage. Believe me, administration, when this thing's fully up and running next year, will be lower. We guarantee it, because the community care access centres will do direct contracts with service providers. It's a lot better than the multiservice agency,

the MSA model, the NDP was going to put in — no argument here. They were going to fire everyone and start all over again. We think we've brought in highest quality, best price, and some accountability, which we didn't have when the money went 100% to municipalities.

It's been a bit tough, but I have not had AMO come out and oppose us. They've said, "Fine, you make a good point." They tried early on, but our system makes sense.

Capital projects restructuring: Perhaps we'll wait to talk about that. You've raised an excellent point and it's one we deal with every day. The commission's going across the province, and we're trying to find the dollars to make sure we can improve those hospital systems or else communities will have gone through a lot of change or expected change — we have to back that up. Margaret, the deputy minister, will expand on that a little later.

Also, I'm going to ask Margaret to expand on a program the NDP brought in, which was the Health Services Training and Adjustment Panel. You asked, what will happen to the workers? We've had around 3,000 nurses go through the program so far. There are still dollars there.

Frankly, with all the massive change, with 8,700 hospital beds taken out of the system, the equivalent of 33 mid-sized hospitals over the last six years, I'm not inundated every day with unemployed nurses. They are finding jobs in the community-based sector. There are jobs in health care. It's a growth sector, it is a net job creator in this province, in spite of the huge numbers you hear from time to time. With the restructurings, there is so much beefing up the community side going on that there are jobs, but retraining's required. If you're an operating nurse and now you're going to be a home care nurse, there's a difference, we're told — they tell us — and HSTAP is there to provide them with some dollars and some guidance on how to get those new skill sets.

1650

There's only been one program transferred to health — I'm not sure if it shows up in the estimates — from Comsoc, and that was recovery homes, because it's a dog's breakfast; their funding was coming from everywhere. The recovery homes are the alcohol and drug addiction homes many of us have in our communities. We took the Comsoc ones and said, "Let's put them all under one umbrella, under one administration, and let's save some dollars in the process." In fact, the recovery home sector was very pleased, I think, with that move. We fully consulted —

**Mr Michael Brown:** Do you have the dollar amount?

**Hon Mr Wilson:** Off the top of my head I don't have the dollar amount, but we'll figure out the dollar amount. But again, we've made substantial savings in health care and we're reinvesting those in what is health care: recovery homes.

Obstetricians — I'd welcome any ideas. Obstetricians are \$14,000 per year better off today than when I came to office a year ago. I gave them a raise on April 30. If they're doing an average of 165 births, which they tell us they're doing on average, then they're \$14,000 better off today.

I can't name anybody else who got a raise in the last year in this province. I gave up \$2.2 million worth of

pension — I don't know how much you gave up — if I live to the age of 73. I would have been pensioned out around here at 43. Also, we've taken cuts every year we've been here, as far as I can tell, or almost every year — it feels like every year we've been here.

**Mr Michael Brown:** I'm sure the public is very sympathetic.

**Hon Mr Wilson:** Yes. I've just given us all a plug on TV.

They're \$14,000 better off. We've exempted baby deliveries, whether it's done by obstetricians or general practitioners, family doctors, from the threshold, so if you wanted to make more money, you should actually be out there redoubling the number of baby deliveries you do. It doesn't count towards your income threshold. We have also exempted cardiac surgery and dialysis and a number of other services.

We're paying their CMPA, their malpractice insurance, at 1995 levels. I've not accepted yet the 20% increase. I was just the past chair of Canada's health ministers, and we unanimously asked Justice Charles Dubin — he'll be reporting a little later this fall, and if he says I'm wrong and all the other health ministers of Canada are wrong, then I've said to doctors, "We'll fully repay at your 1996 rates from January 1 through to the date Charles Dubin makes his decision." But I'm pretty confident, when there's a billion-dollar fund in Ottawa, that Charles Dubin's going to say some changes are needed. We should actually have doctors patting us on the back, saying, "You've taken a leadership role."

**Mr Michael Brown:** What's your estimate of the liability of that fund?

**Hon Mr Wilson:** We don't know, and he's going to do two actuarial studies — at least that was the original plan — that were agreed to by the federal government, Dubin, the CMPA and the provinces and territories. The approach is to go and do two actuarial studies. For instance, in your cabinet years ago and hopefully the NDP cabinet, and I know in our cabinet, you don't just pay a \$40-million bill, which is what this amounts to at 1995 levels, without asking a few questions. We asked a few questions, we didn't get the answers, so we had to play hardball with CMPA. Charles Dubin, who I think is very reputable, will tell us who's right in this whole thing, and I suspect —

**Mr Michael Brown:** You're telling me you don't know who's right at this point.

**Hon Mr Wilson:** No, and I've said that very clearly from the beginning. I couldn't get anyone to talk to me about CMPA when I came to office. Dr Stuart Lee, who's the secretary — the public doesn't own this. It's not regulated as an insurance company, it's wholly owned by a group of doctors, and most doctors don't know that. Since 1986 we've been paying — the premiums have gone through the roof, and it's time somebody asked what they're doing with a billion-dollar fund in Ottawa. To me, the interest from a billion dollars should give a premium holiday to both taxpayers and doctors in this province in 1996. We'll get those answers.

**Mr Michael Brown:** But you don't know that yet.

**Hon Mr Wilson:** Don't know that; I could be wrong. I've said that from day one. But I'm in good company. It



was the unanimous decision from three different-striped governments.

**Mr Michael Brown:** On a different subject, what do I tell the people at Manitoulin Lodge about their user fee?

**Hon Mr Wilson:** There are no exceptions to the \$2 copayment, and you raise a good point. We could talk to the lodge and see if there's any sort of better arrangement they can make with their drug supplier.

**The Chair:** He may have a better answer for you later on, because his time is up right now.

**Hon Mr Wilson:** But it's very good of your pharmacies in the community to waive the \$2 fee. I've not heard of, actually, where the entire community's been waived because of —

**The Chair:** Thank you very much. The New Democratic Party has 30 minutes, and I hear their time will be shared.

**Ms Shelley Martel (Sudbury East):** We're going to share the time between us. I have to go after I speak to pick up my daughter at day care, but I do want to make a couple of comments with respect to the situation in Sudbury. That will be no surprise to the minister.

In that context, I want to begin by reminding the minister and some of his colleagues who are here about the very specific promises that were made about health care. I think that's a good place for me to start.

In the Common Sense Revolution and during the election campaign, the very specific promise made by your party and by your leader was that there would be no cuts to health care. He didn't say, "There will be a funding cap after \$17.4 million or \$17.5 million," or that "health care spending will be at this rate every year." He said specifically, "There will be no cuts to health care," and I firmly believe that any number of people in my community took that to be an ironclad guarantee, took that to mean that the health care spending that was going on in our community would be protected and indeed guaranteed, and that is not what has happened with respect to the announcement made in Sudbury two short days ago.

Your own provincial Conservative candidate, Mr Richard Zanibbi, during the election campaign went up to Memorial Hospital with his campaign manager, at the time one Killiam De Blacam, the president of the Sudbury and District Medical Society, and held a big press conference and said to all the folk in my community, "If a Conservative government is elected, all three hospitals in this community will remain open."

That's the commitment he made. That's what he said. He had a large number of doctors and nurses standing with him or involved in that event when it occurred. Again, I think people in my community took that to the bank, thought that was a commitment, thought that was an ironclad guarantee and voted for the Conservatives as a consequence, and again that promise has been broken.

But I want to relate back to you some comments you made when you were in opposition, Mr Minister, because I think some of these comments are really important. I've got Hansard, April 21, 1994, when you were responding to a statement made by my colleague, the Minister of Health at the time, Mrs Grier. You said:

"The minister heard me on Saturday talk about a new vision for hospitals, that rather than running around

talking about closing hospitals, we should have a new vision for hospitals in this province. She heard me say it at the Catholic Health Association of Ontario. I've been saying it for three years. Hospitals shouldn't be closed."

This comes from Hansard again, March 22, 1994. You were rising in the House in order to present a petition on behalf of people in Collingwood, and you said:

"I'm proud to say that I drafted this petition so that concerned citizens and labour groups could send a message to the NDP government that bed closures are killing jobs and they are threatening the provision of quality health care services in the Collingwood area.... As a result, 20 more hospital-based jobs could be affected and more jobs and beds could also be hacked if the government acts on its threat to rip an additional \$214 million out of the budgets of Ontario hospitals."

Might I remind you, Minister, that you are the very same one, now in your new role on the other side of the House, who is committed to taking \$1.3 billion out of Ontario hospitals over the next three years. That's what you're doing, and that's quite contrary to comments you made when you were in opposition and, as far as I'm concerned, very contrary to the promises that were made by the now Premier in the Common Sense Revolution and during the election campaign.

Let me remind you of the announcement that was made in Sudbury. We will have \$42 million, each and every year, taken out of my community. That's a \$42-million cut on an annual basis to the amount of money that now goes into that community for hospital care. We will have 206 acute care beds which will be closed. One third, and only one third, of the savings from that \$42 million has been recommended by the commission to return to the community. And we will, no doubt, if you close 206 acute care beds, have hundreds of jobs which will be lost on the backs of health care workers.

You gave the committee a reading from the editorial about the Sudbury announcement, and I suppose it's my turn now to talk to you and give to the committee some other sense of the reaction in Sudbury as a consequence of this announcement.

**1700**

First of all, let me quote Dr Chris McKibbin. He is the president of the Sudbury and District Medical Society, and yesterday in the Sudbury Star "he called 'the restructuring plan a disastrous downsizing of existing facilities.

"One site would not be that bad a thing, but it has to be big enough," McKibbin said, adding the projected downsizing will inevitably lead to service cuts.

"The system already is pretty lean. If the system gets any leaner, it's going to be meaner."

Let me also quote Ms Jan Hibi-Leblanc. She is a General Hospital employee. She's also the spokesperson for the Coalition of Health Care Workers. She "said the restructuring plan 'is pretty frightening.

"It's going to mean limited health care for our area,' which will eventually create a climate right for the Conservative government to justify more privately funded services," she said.

"You can't cut this many beds without having to restrict services and then you'll have to start looking for services elsewhere."

Finally, let me quote Sudbury mayor Jim Gordon, who used to be Conservative MPP from the riding of Sudbury, who also used to be a cabinet minister under the former Conservative government. He "said the restructuring decision 'is a real shocker. It's the kind of announcement that takes your breath away."

"I find it hard to believe that (365) acute care beds are going to be sufficient" to maintain Sudbury's regional referral role."

Those are some of the kinds of reactions from my community to the announcement that was made on Monday. I think part of the reason for the reaction is that what has been announced by your handpicked commission is far different from the solution that was arrived at locally under a process that went on for two and a half years in my community to look at hospital restructuring. I want to remind the minister of what that plan was and how hard and long people worked on it and why it was a local solution versus the made-in-Toronto solution we are now going to have imposed by your commission.

Under the restructuring plan that was worked on and ratified by the hospital services review set up in our community and then ratified by the district health council and then sent on to you, the recommendation was that we would maintain two sites in our community: a hot site and a warm site, so the Laurentian Hospital site would remain open and the General site would remain open. That way we would still continue to be able to operate as a regional medical referral centre, which we are very proud to do on behalf of people who live in northeastern Ontario.

Our health minister guaranteed a 100% reinvestment of the savings that were going to come from that restructuring process, and that was confirmed in a newspaper article that my colleague has, which he unfortunately didn't bring here today. The chair of the health council and the chair of the restructuring committee, in an article in the Sudbury Star, January 28, 1995, said very clearly that the Minister of Health has committed that "100% of the savings that come from the restructuring plan that we have put forward will come back to the community." That commitment is very clear.

Now what we have in my community is a situation where the Tory-appointed commission has totally thrown out the window the local solution that was arrived at after a two-and-a-half-year process, because the new solution, I can tell you, doesn't resemble what we came forward with at all, and we now are in a position where two of the three hospitals once open in our community will now be closed; a significant increase in the number of acute care beds to be cut; one third — and only one third — of the savings to be realized recommended by the commission to be returned to our community; and absolutely no idea of what the job loss is going to be. That was one of the parts of the report I read which I found to be quite unacceptable.

George Lund, who is a member in our community, could not tell people in our community what the job loss was going to be. Frankly, I found it unacceptable that the commission, which could in its document give us whole reams of information and data on referral patterns, on the number of beds in the community, on how much money

you would save if this program was cut and if there were efficiencies in this area, could not tell the people in my community what the job loss was going to be. I can't believe the commission doesn't have those numbers, and if it doesn't then I don't know what it was doing in making the kind of recommendation it did without having that kind of important information being given to my community. I found the lack of that information in the report to be unacceptable.

Let me say one other thing about the whole process: I noticed that in your speeches to us you said that for the first time ever we were taking the politics out of this process. I have to remind you that if anyone interfered in this process, if anyone interfered in the restructuring, it was you. I'm going to relate to the Sudbury situation again, because that's the one I know the best. Members should know that after the work was done in Sudbury, the work was ratified by the hospital restructuring committee and the district health council. One of the important points that was ratified by both groups is that there would be and should be a sole governance structure in our community — one board, one hospital administration, one medical staff. That was the recommendation that went forward to you.

At the same time as that was being ratified in our community, the Sisters of St Joseph at the General got a letter from you promising that the role of denominational hospitals under a restructured system would remain. That was a guarantee you gave them at the same time as our community was trying to finish the process and have unanimity around sole governance. The Sisters of St Joseph and the hospital board took that to mean, because there was no other way to take it, that there would not be a sole governance structure and that while you might have a single board looking after the two hospitals, they would continue to have a large role and a large presence in our community, would probably continue to have their own CEO and would continue to be responsible for hiring and firing despite whatever else was going on at the single board. That's what happened. That came as a consequence of your direct interference in that process.

As a consequence, the district health council process started to go off the rails because the district health council could not get an agreement from that hospital to proceed on other restructuring items. The district health council obviously wanted the single governance structure in place, as the majority of the community believed it should be, but because of that letter the Sisters of St Joseph and the board at the General did not participate in the way they should have to start to get that under way, and in fact said, "The governance issue will have to be dealt with, but we want restructuring to go forward."

I think you're in trouble on this one. Let me quote again what's happening in the community. The General Hospital is going to fight you on this issue. I want to refer to what Deborah Dunn, who is the spokesperson for the hospital, had to say in the paper; I believe it was this morning as a matter of fact.

"The commission's one-hospital plan also reflects 'broken promises and commitments' made by the health minister and Premier Mike Harris in terms of the role of denominational hospitals such as the General, which is



operated by the Roman Catholic Sisters of St Joseph order....

"Where possible, they were supposed to respect the role of denominational hospitals."

"That recommendation" — the recommendation from the board which says single governance structure — "...flies in the face of the health minister's past assurances that a so-called 'sole governance' system should not impede hospital restructuring or the role of the Sisters of St Joseph in the previous two-hospital plan...."

"If we had been told by the minister last fall that a new governance structure had to be in place before we could begin to implement changes, we might have looked at that differently."

"But 'the sisters only did what they were advised to do (by the minister) and that was to continue planning and continue discussions on governance at the same time."

"Maybe we were too trusting when we were told, 'There's a role for you in this study; there's a role for you in this system.'"

My colleague the member for Nickel Belt and I have always supported the sole governance recommendation. Our position on that is clear. Probably the one and only thing I agree with in the Sudbury plan that was announced is that we will be moving to a sole governance model. But you have a problem on your hands, because certainly this hospital and its board and its administration took you at your word when you said they would continue to have a role. I don't know how you're going to deal with that promise, but it's a promise that they feel very clearly has been broken by you.

1710

I want to go back again to the 100% reinvestment. I know the minister yesterday said he couldn't find the letter and he questions that this commitment was made by the health minister. Let me say to him that tomorrow we will provide to him the comments that were made by Russ Boyles, who is no longer chair of the district health council because of some changes that you made, but who certainly was during the time that this restructuring process took place. He was also the chair of the hospital restructuring commission. In that article he makes it very clear that he and the district health council received a commitment from our minister that 100% of the savings would be returned to the community.

That's extremely important for you to have to consider again. It's not enough that your restructuring commission would say that only a third of the savings, about \$13.4 million, is going to come back to our community. Our community, like many others that will be affected by hospital restructuring, it's safe to say, does not have all of the community-based services that will be needed when you move to close two hospitals in our community. That's just not the case. We recognize that fact. That's why our Minister of Health made that very specific commitment in Sudbury. That's why you have got to review the work that has been done by the commission, because clearly we are not going to find it acceptable that only those kinds of savings return to the community.

We're also very concerned that in terms of the capital restructuring and the capital project, not only are we going to lose \$42 million annually from my community,

but we are now going to be asked to pick up 50% of the cost of the capital project. In the case of Sudbury, that will be well over a \$30-million project. That will be about a \$560 hit, household by household, in the region. So at the same time as we have \$42 million pulled out of our community, we are also going to turn around and have to ask local taxpayers to fund \$564 more on their taxes to complete the capital project. The minister knows, quite contrary to the comments he made yesterday to questions from my leader about this, we are not going to get more money back into Sudbury than has been taken out.

You said very clearly in Hansard yesterday that we're going to get more money. That's not the case. You and I and everyone in this room all know that the capital project is a one-time, one-hit project. We will get some provincial funds, there is no doubt, because of the cost-sharing for the capital project, but when that's complete after two years, we will still suffer an ongoing \$42-million loss every year out of my community. You have got to reconcile that in terms of the comments you made yesterday in the House.

Let me turn to two other items that I have a particular concern with, one of the two very much with respect to Sudbury. I saw in your comments that you talked about other jurisdictions and how they are moving now to have thresholds. There is no doubt that in the province of Ontario, under our government, we moved to have a threshold of \$400,000 for specialists in the province. But the one thing that's not happening in the province now, and that the minister has got to come to grips with, is that under your current threshold proposal you have made no allowance whatsoever for, and there is no recognition of, specialists and physicians who work in underserved communities right across this province.

I raise that with you because when you were health critic and this situation was boiling over in Sudbury in the fall and the winter of 1991 and beginning of 1992, you raised concerns on behalf of Sudbury specialists about why their billings would no doubt be over \$400,000. That was, we all know, because in a geographic area like ours many specialists have a referral pattern that takes in patients from across northeastern Ontario. They don't only deal with patients in Sudbury; they deal with people who come for cardiac care from across northeastern Ontario or people who come for cancer care in our community from right across northeastern Ontario. You were one of the ones who were most vociferous about how our plan, if it was not changed, would result in a mass exodus of specialists from our community, because they would reach the threshold and, when they couldn't bill any further or couldn't get back 100% of what they felt they were entitled to, they would leave.

That's why we went ahead and put in the specialist retention program: to recognize that specialists in underserved areas in this province were no doubt going to exceed the billing threshold but in order to keep them in our communities we had to allow them to continue to bill in excess of the cap as long as they were in an underserved area. That program has been in place since that time. I find it passing strange that in the program you are

putting forward now, that you want physicians and specialists to buy into, there is no recognition whatsoever, as far as I can tell, that we have to continue to meet that need. You cannot tell people in my community that we are not going to have that any more, that once physicians and specialists hit the cap and can't get any further funding any more and decide to leave, that's going to be okay. It wasn't okay when you were the critic; it's not okay now.

I am asking the minister why the program he has put forward has no recognition whatsoever of billings in underserved areas and why it is that you haven't built into your new program some recognition that we have to meet the needs in the same way that we did through the specialist retention program.

Finally, I want to talk about the new copayment on drugs. Again, it's a broken promise made by the Tories — a broken promise on behalf of the Tories — because certainly during the election campaign the Conservatives made it clear there would be no new fees, and that's exactly what the copayment is.

One of the things that I found most appalling about the implementation of the program is that you, sir, in your ministry would immediately categorize seniors into a high-income category. I understand from Ministry of Health staff that at the time the program went into place you didn't have the income information from Revenue Canada that would have allowed seniors to be divided, as they are supposed to be, into a higher income category and lower. As I understand it, automatically and immediately when the program began you classified all seniors right across the province at a higher income category.

The net effect of that, and we have a number of cases in our office, was that a number of seniors could not afford to pay the \$100 deductible up front when they went to buy their drugs. They could not afford, after they hit the \$100 deductible, to then pay the dispensing fee. If their income level had been recognized by your ministry staff, as it should have been, before the program got up and running, they wouldn't have had to pay those costs either. They would have had to pay strictly the \$2 copayment fee. The net effect was that a number of people walked out of pharmacies because they couldn't afford to pay for their drugs. They should never have been put in that position, because any number of those people are taking medication which keeps them out of hospitals and which had the net effect of putting them into a hospital because they couldn't afford to pay for it.

We, in the case of a number of pharmacists in our riding, had to cut deals with local pharmacies, had to set up bills and invoices for constituents so they wouldn't have to pay and so they could still get their drugs. We wrote to you about this on August 8, because not only did we want to criticize, but we wanted to put forward an alternative. On behalf of a local pharmacist who wrote to me, we sent a letter to you to suggest that instead of having all of these seniors fill in a notice of assessment form, send it in with their Revenue Canada information, wait four and five and six weeks before they might get changed to the proper lower income category and then wait another two or three months before they would get reimbursed for costs they already spent, you look at a

plan and a program which is already in effect with social assistance recipients in the province.

Before the copayment, a pharmacist could override the Ministry of Health computers in the case of a social assistance recipient and provide them with drug coverage under the ODB plan without having that person actually on the system through the Ministry of Health. The individual would come in with a letter from social services saying they had been accepted for general welfare. That pharmacist could take that letter and with it could override the ministry computer, because in many cases the information was not yet on the Ministry of Health computer, and could issue the drug at no cost to the individual.

We asked you in August to look at that structure and implement it now. That's not happening now. I've got cases in my office still where for seniors the pharmacist cannot override the policy. We asked you if you would not take a look at that and —

**Hon Mr Wilson:** For welfare they can.

**Ms Martel:** But I'm talking about seniors. I knew they could for welfare. It was the same situation they used for welfare that we asked you to implement in the case of seniors, and in that way, the pharmacists could take the revenue information from RevCan, look at it, determine that indeed the senior did not make \$16,000, could immediately override the system in the same way that he or she can for welfare payment, and that way the senior could go away with their drugs and they wouldn't have to wait five or six weeks to get put into the lower income category and they wouldn't have to wait two or three months to be reimbursed. Unfortunately, we've never even received a response back.

I ask you to look at that situation again, because I think at the end of the day you're going to spend a whole bunch more money on staff trying to put people in the income category and then spend money sending cheques out to people, reimbursement cheques for the money they had to put up front in order to pay for their drugs, when you could save yourself and, frankly, save a whole lot of seniors a whole lot of grief by implementing the same system you already have in place for welfare recipients.

**1720**

Why that didn't happen, I don't know. But it's not too late, because we still have seniors in our office who still are not categorized at the proper level, despite having faxed in on their behalf information about their income level and trying to get that done.

In closing, let me just say that I remain terribly concerned about the position that was brought in by the commission on Monday, because it flies in the face of the local solution we had put in place and will really mean a problem in our community in terms of trying to continue to act as a regional referral centre. I'm terribly concerned about what's happening around specialists and physicians, in particular, with respect to underserved areas. I do not want to see in my community obstetricians who will not deliver babies and women having to fly out of my community to have to deliver babies somewhere else. That's unacceptable.

Finally, I would really encourage you again to take a look at the proposal we made because I really believe it



will solve a lot of hardship for a lot of people and probably save the ministry some money in the long run.

**Mr Howard Hampton (Rainy River):** How much time is left?

**The Chair:** You've got about four minutes.

**Mr Hampton:** I merely want to test the Minister of Health on some further inconsistencies. The Minister of Health is well known for what he said about hospital closures and not closing hospitals before the election. He's well known for saying before the election that every death or every injury in the province was the responsibility of the Minister of Health. Now he's known for closing hospitals and he is known for denying that he has any responsibility for what's happening out there.

I want to refer to a further inconsistency. The minister says that the health care budget has not been cut. Then he uses a little trickery in the switch between cash accounting and accrual accounting to say that the budget's actually been increased to \$17.8 billion. I think what the minister needs to admit is that there is a switch from cash accounting to accrual accounting and when you do that accounting switch, it makes it look as if the Ministry of Health has a little more money in the budget.

In fact, the Ministry of Health budget has been cut: \$343 million was taken from hospitals this year and \$123 million was taken from drug benefits, which adds up to \$466 million in cuts. Yes, there were some additions; there were some additions in long-term care, in OHIP, in mental health and in population health and community services, but when you factor it all out, there's been a cut of \$250 million in the Ministry of Health budget. That's what people are upset about, that's what people are angry about.

I also want to ask the minister about another inconsistency. The minister goes around the province and he keeps saying that he will save \$1.3 billion from hospital restructuring. In fact, the \$1.3 billion is money that is already being cut from hospital budgets across the province and that's being cut over a three-year period; the amount that's been cut this year, as I pointed out, is \$343 million.

I wish the minister would stop referring to \$1.3 billion coming from hospital restructuring. He's never really said how much money is going to be taken out of health care from hospital restructuring. We know that \$343 million was cut from hospital budgets this year, and that's an 18% across-the-board reduction that hospitals are having to deal with by means of laying off nurses and curtailing services. I would like to hear about that.

There's another inconsistency, and it really relates to what the OMA is saying. The minister, when he announced some of the new services, mentioned breast cancer screening, cardiac care and kidney dialysis. The OMA takes you to task on that. They admit that you're putting money in for that, but they were very quick to also say that these things then cost money in terms of doctor utilization, and the fact is that there is no more money in the system for doctor utilization. You are trying to say to the public that they can get more kidney dialysis, they can get more cardiac care, they can get more breast cancer screening. The fact is that there isn't money in the OHIP side to pay the doctors to do this.

This is part of the reason physicians are becoming very upset with you, because they understand the inconsistency and they become very angry when someone says you are expanding services yet the money isn't there to pay the doctors for that expansion of service.

I have a number of other questions I want to ask the minister. First of all, you've indicated that there is \$700 million to pay for a contingency plan. I want to know where that \$700 million comes from. You are capping physicians at \$3.8 billion now. What is the plan for next year when the gap will grow by another \$200 million and you'll need \$200 million more to deal with an aging population and utilization?

How much does the ministry expect to realize in savings through hospital closures? We know how much money you will take out of Thunder Bay, about \$45 million a year. We know you'll take \$42 million a year out of Sudbury. We don't have a figure from you yet on how much you expect to save from hospital closures, which is something different from the reduction of hospital budgets across the province.

What are your plans for labour adjustment, and will you finance severance and adjustment costs across the province, such as in Thunder Bay and Sudbury? We've heard nothing from the commission on that.

Finally, we are aware of your government's plans to proceed with a guaranteed income plan for disabled and seniors, but you have not stated that it would be a Ministry of Health benefit. Yet we have memoranda sent to recipients of social assistance allowances that indicate they're going to be receiving a Ministry of Health benefit allowance, not a Ministry of Community and Social Services benefit allowance.

If the minister can help to clear up some of the inconsistencies he's created and answer some of the questions he's left unanswered, I would really appreciate it.

I'd also appreciate knowing how it is he can say before June 8, 1995, that no hospitals will close, everything will go on, and now all of a sudden he says many hospitals will close. Who is wrong? Jim Wilson then or Jim Wilson now?

**The Chair:** Thank you very much, Mr Hampton. The minister has 30 minutes to respond, but he generously has offered for you to participate in his 30 minutes here on this side.

**Mr John O'Toole (Durham East):** It's a pleasure to respond to the minister's report today. I want to compliment him on the thoroughness and the detail he's allowed members to see, and that is a bit of a background.

I sat through the acute care study in Durham. More specifically, the restructuring of hospitals in Durham was a serious challenge for the whole community, but they did participate; in fact, the debate is ongoing when it comes to Oshawa General or Whitby hospital. The question I wanted to ask the minister is, is he anticipating in our area that growth will be one of the considerations when it comes to this restructuring of health care for high-growth areas? I know the minister's attempted to address that.

The second question: I've attended the ONA's town hall meetings in which they're looking at the integrated delivery model. I'm impressed. Is it just a tokenistic

move to rename your integrated model to match theirs, or are you really listening to the ONA?

**The Chair:** Are there any more comments to be made or questions to be asked? The minister may try to respond to many of the questions which were asked before. Are there any other comments over on this side?

**Mr E.J. Douglas Rollins (Quinte):** No. We'll wait till next week.

**Hon Mr Wilson:** As you know, the government for the first time last year, when we announced the savings targets for hospitals, didn't just apply those savings at 5% across the board. For the first time in the history of Ontario, certainly the first time in health care, we established an equity formula in conjunction with the Ontario Hospital Association. The politicians once again didn't get involved. In fact, we were asked in estimates in February very directly whether there was any political interference, and we made the answer to the satisfaction of the opposition parties that there wasn't.

1730

The OHA and the ministry sat down and put together for the first time an equity formula, and it recognized those hospitals that had already made efficiencies. When we said 5%, it was 5% on average, but certainly we wanted to recognize — because we see that in other systems like education. We have school boards now saying, don't cut us 5% across the board, we want an equity formula. Health actually did it, and did it in a way that's quite leading edge.

I must admit, for the first time too, and it's totally unexpected, there are many, many events that I've gone to where people came up and said, "Jeez, you really got that formula put in place and applied very well."

What I can say is in years 2 and 3, we also plan to have an equity formula to recognize the restructuring that's going on. You wouldn't want to go into a community where the commission has been and they've already been given their marching orders by the commission at arm's length from the government to do restructuring and achieve some savings, and then come along and apply across-the-board savings targets. It just wouldn't make sense.

We did set up in addition, to recognize Durham and the GTA or the 905 area, the \$25-million growth fund. We said at the time it was one-time fund, because our equity formula wasn't perfect, and we were the first to admit that. Some of the data we had wasn't as up to date as it should have been with respect to the growth areas. I think we're more confident in year 2 that we won't be having a separate growth fund, although we still might have to resort to that. We haven't ruled it out. But we're going to try to get the formula more refined, and again have the OHA, along with the ministry, lead that exercise.

I'm sorry, what was your second question?

**Mr O'Toole:** The second question was with respect to the IDSs.

**Hon Mr Wilson:** Oh, the IDSs. It's interesting. You may recall back before the House adjourned for the summer ONA, the Ontario Nurses' Association, also had a press conference and they went on about their vision for health care and that somehow we didn't have a vision

for health care. I was able to read in the House one sentence from their vision and one sentence from our vision, and the thing's identical. The difference between the two systems of integration was some of the terminology, so I've decided we'll adopt their terminology if that makes the providers feel more comfortable about the government's vision of health care.

Again, for the first time in the history of Ontario, the ministry wrote down a vision for health care contained in a business plan and we're restructuring the whole ministry. We sent that to every employee of the Ministry of Health. We photocopied those pages with a covering letter and sent it to every employee and said: This is the business plan. We take this seriously. It's an integrated system. Let's restructure the ministry, which we're undergoing right now, to make sure we can fully implement that plan.

So we're very similar. One of the differences between ONA's plan and ours is they want to elect — they go a little further in the governance and regional councils and that sort of thing than what we've given thought to, but again, as it came up in the NDP's questions, governance and issues around governance should not be used as an excuse to in any way slow down integration. You can integrate cardiac services under one site by a joint agreement. You can't agree on governance, particularly if you have a Catholic hospital and a non-Catholic, a non-denominational hospital. There are a lot of things that can be done before the governance piece is totally solved, and as we move forward, we'll have to consult the public and the nurses and everybody else about what that governance piece will look like.

That's work, I think, for — we may not even get around to it this year. There's so much we can do in getting our acts together on the ground and at the ministry that I'm not sure we have to open the governance door totally. People that say this to me, I say to them point blank, if governance is stalling you, then get a better manager. You can integrate systems, you can integrate services, and if you're focusing on the patient — I don't think the patients run around all day worrying about who governs the system. In fact they don't even know that the members of their local hospital corporation and the Ministry of Health don't own the hospital, the community owns the 219. I've never met a patient from the four corridors of Collingwood talk to me about governance in health care, frankly, and I say to the nurses and everyone else, it's secondary. Patient services are first, dollars are scarce, and every dollar and every debate should be focused on those services.

**Mr O'Toole:** Just one small point, if I may. Meditech Inc is introducing a small pilot project at the OGH on Tuesday, October 8. Are you aware of that? It's an information technology shared system between — I believe all seven hospitals in Durham are involved. Not to surprise you, but are you aware of that?

**Hon Mr Wilson:** I'm not, I'll admit, totally up to date on that one, but we have a lot of hospitals that have been — they don't need ministry approval to join up their computer systems. We would encourage it. The only caution I have is we want to make sure the software is compatible with what the province wants to do in integra-



tion, but I would congratulate your hospitals if they're doing that. I don't know if the deputy has any further comments on that one.

**Ms Margaret Mottershead:** No, I think that's —

**Hon Mr Wilson:** Which means they did need it, and that's why I don't know about it. So bring my congratulations back to them, please. That's great.

**Mr Wayne Wettlaufer (Kitchener):** Mr Minister, it's our responsibility to review the estimates, and comparing them to last year's estimates, frankly they aren't adequate. I would like to be able to compare them to last fiscal year's actuals and all we have is the interim actuals. I don't even know when the interim actuals were calculated, whether they were calculated at the end of December, calculated at the end of January, or when. It would be nice to be able to compare them to last year's actuals.

**Hon Mr Wilson:** It's a very good point, Mr Wettlaufer, and we're trying to figure out what the answer is here. It's just the timing of the year. Let's put it this way —

**Mr Wettlaufer:** We're six months into this fiscal year and you're still comparing them with last year's interim actuals.

**Ms Mottershead:** Can I answer that?

**Hon Mr Wilson:** Yes, go ahead.

**Ms Mottershead:** The issue here is related to the fact that the estimates have to be tabled 10 days after the budget is tabled and quite often the books aren't all reconciled at that point. It isn't until the public accounts come out, and our information is provided usually in the month of June, that that kind of reconciliation happens between interim and actuals. Part of it is to do with the rules of the Legislature in terms of tabling of budgets and estimates.

**The Chair:** We've had that problem for years.

**Mr Wettlaufer:** Maybe they have been for years, but I think it's a hell of a way to run a business. Pardon my French.

**The Chair:** You should speak to the government about that.

**Interjection:** Change the standing orders.

**Hon Mr Wilson:** Which I think we're going to have a chat about later this year, aren't we?

**The Chair:** It's a very good question and I'd like that to be addressed. Usually one is approving an estimate long after it's gone. Any further comments?

**Mr Wettlaufer:** How much time do we have?

**The Chair:** Well, you can have all the time you have until 6 o'clock, if you want you can adjourn it now.

**Mr Wettlaufer:** Okay, let's go into a few of them.

**Hon Mr Wilson:** I have to give a speech in Orillia at 8 o'clock to the dentists.

**Mr Wettlaufer:** When were the interim actuals done? As of what date?

**Hon Mr Wilson:** If you don't mind, the deputy will answer the technical questions on that.

**The Chair:** May I interject? I understand that the actuals are out and the public accounts are just about tabling it now. So I presume you would say by next week you could have it.

**Mr Wettlaufer:** Could I ask for those to be in our hands by next week then?

**The Chair:** As soon as the public accounts are tabled in the House.

**Ms Mottershead:** They have been and they're available now.

**The Chair:** They just recently came in. I'm sure you could have it next week.

**Hon Mr Wilson:** The tradition is you review the estimates book that was tabled after the budget, but to bring in public accounts too would be fascinating. As long as the public accounts committee doesn't get offended, because that's their job. You may want to talk to the red tape commission about this whole thing, frankly.

**Mr Wettlaufer:** Being as you want to give a speech, I'm going to let you go. I will have questions —

**Hon Mr Wilson:** I've got better things to do than Inside Baseball. The people of Ontario want to know what we're doing in health care. I think my speech tonight would be pretty important along that line.

**Mr Rollins:** If the minister wants to get out early, let's adjourn it.

**Hon Mr Wilson:** No, but I don't want to in any way touch on your parliamentary privileges. God knows we know a lot about those.

**The Chair:** If the members would like to adjourn, that does not take away from the time.

**Hon Mr Wilson:** But I think the members will be interested, because they keep getting in the Legislature this commitment that Ruth Grier —

**Mr Tony Clement (Brampton South):** If there are no more questions, we automatically adjourn, right?

**Hon Mr Wilson:** Can I just take two minutes? I'd like to put something on the record to correct what Mr Hampton and others have said. I have Ruth Grier's speech, the famous speech, the actual speech, not some newspaper clipping that he's reporting from, and Ruth Grier said exactly what I've been saying; there's no difference. I'll read it into the record.

Of course this first issue, about whether you get dollar-for-dollar reinvestment into your community when your hospital restructures, the whole discussion first occurred around Windsor, because it's the only community out of the chute that's well on its way to restructuring. Let me give you the full text of the quote. This is, for the record, Ruth Grier's minister's speaking notes in Windsor on June 11, 1993.

"Next let me address the crucial matter of what happens to the savings achieved in hospital reconfiguration, and let me express the matter of commitments to you in this way.

"If you make savings here in Windsor, and if you can show me a plan for true redirection into targeted community-based health services, I commit to Windsor-Essex retaining those savings for redeployment in your community.

"The dollars to support a shift to the community-based sector must come from Windsor-generated hospital savings. We will not agree to see the bulk of those savings going back into hospital programming. And we will be looking for rationalization plans in the community-based sector as well, expecting that efficiencies will

be planned for in this part of the reconfiguration over the coming months."

Now here's the kicker: "If the savings from your system reconfiguration exceed the needs identified in your community-based plan — that is, if your saving compound" —

**Mr Michael Brown:** Who wrote this speech?

**Hon Mr Wilson:** It's not the best speech in the world, but I'm going to read it verbatim — "that is, if your saving compound to the extent that Windsor has an integrated spectrum of community-based services and still has savings over and above its planned needs — of course the taxpayers of Ontario will also get a return on their investment in Windsor, to be used in reinvestment in other communities who are far behind."

That is the full text of the speech, and that is the only speech on record. After this — because I was the health critic following all this very carefully — she didn't even bother repeating these lines. There's nothing else on record. They cannot find the Sudbury speeches. The opposition can't produce them. In my opinion, they do not exist.

People are running around saying all kinds of things and upsetting communities at a time —

**Mr Michael Brown:** Oh, Jim, as if.

**Hon Mr Wilson:** — and I'm really disturbed that they're doing that.

**Mr Michael Brown:** Could you table that speech in its entirety with this committee? You don't have to read it. Just table it.

**Hon Mr Wilson:** I would be happy to table this.

You know, we had a lot of quotes from Sudbury. This is from Dr John Mulloy, who's the head of Memorial's emergency ward, one of the hospitals, obviously, affected by the — and he's the past president of the Sudbury

medical society. He says, from October 1, yesterday's Sudbury Star:

"Personally, I think this is a victory for the patients of Sudbury and northeastern Ontario," said Dr John Mulloy, head of Memorial's emergency ward.

"Someone has finally had the courage to bring common sense, some economic sensibility, to a rather chaotic situation. In my view, the patients are going to be the winners in this," Mulloy said."

In the man-on-the-street interviews in the Sudbury Star yesterday, eight out of 10 are in favour of the restructuring. The people of Sudbury, in their understanding — because they've lived with three hospitals, scattered, for so long and with so much confusion and conflict that I think the people of Sudbury are ahead of the politicians of Sudbury.

**Mr Michael Brown:** I would just tell the minister that the MCTV poll was 73% against. I shouldn't admit this, Minister, but those kinds of polls don't really mean a heck of a lot of anything, and you know that and I know that. There's nothing scientific about the way the information was —

**Hon Mr Wilson:** Well, when the head of emergency went on public record saying it's long overdue, when someone signs their name to something, I think as politicians we take that far more seriously than a poll or other things that are done.

**The Chair:** I'm in your hands about the last 10 minutes. Do we adjourn?

**Mr Michael Brown:** How about the —

**Hon Mr Wilson:** I'm getting there. Sorry, I'll get you an answer.

**The Chair:** We stand adjourned until Tuesday, after routine proceedings.

*The committee adjourned at 1745.*



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\*Mr Wayne Wettlaufer (Kitchener PC)

*\*In attendance / présents*

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Mr Howard Hampton (Rainy River ND) for Mr Kormos  
Mr Ted Chudleigh (Halton North / -Nord PC) for Mrs Ross  
Mr John Hastings (Etobicoke-Rexdale PC) for Mrs Ross  
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First Session, 36th Parliament

## **Assemblée législative de l'Ontario**

Première session, 36<sup>e</sup> législature

# **Official Report of Debates (Hansard)**

**Tuesday 8 October 1996**

# **Journal des débats (Hansard)**

**Mardi 8 octobre 1996**

**Standing committee on  
estimates**

**Comité permanent des  
budgets des dépenses**

**Ministry of Health**

**Ministère de la Santé**

Chair: Alvin Curling  
Clerk: Todd Decker

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## LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON  
ESTIMATES

Tuesday 8 October 1996

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Mardi 8 octobre 1996

*The committee met at 1548 in committee room 2.*

## MINISTRY OF HEALTH

**The Chair (Mr Alvin Curling):** We will resume the estimates for the Ministry of Health. We have a total of five hours and 34 minutes. We will start with the official opposition.

**Mrs Elinor Caplan (Oriole):** Thank you very much. Actually, I have a lot of questions. How much time do we have for the first rotation?

**The Chair:** The rotation will be 20 minutes.

**Mrs Caplan:** To start, I'll just make a comment. I've read and reviewed the Common Sense Revolution document. Nowhere in it do I see a \$1.3-billion cut to hospital budgets as part of your overall plan, and I know that the so-called restructuring commission is working to that bottom line. I've been told by hospital administrators that they are very worried about what's happening as they try to implement the very significant reductions to their budgets, the problems they had last year, the problems this year.

The concern I have, and I hope you can answer for us, is whether you are monitoring on the basis of quality. For example, infection rates: Is the ministry monitoring infection rates across the province in hospitals year over year, so that we can see whether, as a result of cleaning staff being laid off, our hospitals are getting dirtier — this is what I'm told directly by hospital administrators — and whether the ministry has any commitment to ensuring the quality of the hospitals by monitoring, for example, infection rates?

**The Chair:** Do you want to lay all the questions out or do you want to ask them individually?

**Mrs Caplan:** I'd like the questions answered, yes.

**The Chair:** Okay, go ahead.

**Hon Jim Wilson (Minister of Health):** Mrs Caplan, you're aware that those very hospital administrators who are talking to you apparently are supposed to have quality assurance programs to do exactly that, measure quality every step of the way. We're moving the system exactly towards that, which is outcome measurements.

With respect to the restructuring, Dr David Naylor is the chief of research and the chief data provider to the Health Services Restructuring Commission, and I think he has probably the best reputation in Canada in terms of measuring quality.

**Mrs Caplan:** What I've heard you say — there are two things: The first I disagree with, and that is that there is any requirement by the Ministry of Health for the hospital administrators to report on their quality assurance programs. There is no requirement for mandatory quality assurance programs under the Public Hospitals Act or any

regulation thereto that I'm aware of. If there is a requirement, then the hospitals must submit their quality reports to the ministry, and I am wondering whether you have those reports or a synopsis of those reports that you could table with us. That's number one.

Second, if you have asked ICES, the Institute for Clinical Evaluative Sciences, to monitor infection rates, mortality and morbidity in hospitals across the province, would you make available to this committee and to the Legislature your results of those studies that have been done to assure quality in the hospitals, which are undergoing right now massive assaults on their budgets? What I'm hearing from hospital administrators is that they are having serious problems, not only with access but with assuring quality as a result of the budget cuts that you're forcing on them. Do you have those studies and will you table them with this committee?

**Hon Mr Wilson:** I think you're aware that under the Public Hospitals Act the quality assurance programs and those reports are to go to the hospital boards and the boards monitor quality in their institutions. I want the names of these administrators who say their hospitals are getting dirtier. That flies totally in the face of the Ontario Hospital Association, the speeches by the current president, the past president, his Empire Club speech where he said the government's doing the right thing, restructuring's 10 to 15 years overdue. In my House book, I used to have those quotes. I notice today they're not there. The hospital association itself, through the JPPC, the joint planning and policy committee, works regularly with the ministry to deal with these issues, and to even suggest that mortality rates or disease rates are going up as a result of restructuring would be wrong, if that's where your question's heading.

**Mrs Caplan:** I'm just asking that you table the studies that you have.

**Hon Mr Wilson:** Restructuring's only just begun. In Sudbury, they've got two and a half to three years to do the restructuring. Nothing's happened yet. It's like that unfair question from the NDP today about some death. To me, if there are problems, that means the status quo isn't working and we'd better redouble our efforts to restructure.

**Mrs Caplan:** What I'm asking for are any studies that you have on the incidences of infection rates in the province. We know that there has been an experience of real budget cuts last year and the year before. There are more expected this year. Hospitals are certainly struggling with those very significant cuts. I'm asking you if you have commissioned any studies so that during the process of restructuring you can give us some assurance that quality standards are being maintained.



I mentioned specifically infection rates. I think readmission rates are something you should also be looking at and monitoring through the period of restructuring. But also I'm very concerned about the numbers of nurses and nursing jobs that are being affected as a result of the budget cuts, because nurses provide care.

**The Chair:** Could you just hold on a second? I want to replace the minister's mike. We could maybe recess for a very short time.

**Hon Mr Wilson:** Let me borrow your mike. Can I give you a specific answer to these?

**Mrs Caplan:** Yes.

**Hon Mr Wilson:** Thank you. Specifically, as you know, Mrs Caplan — because I think you were there the day Dr David Naylor released his atlas, which does monitor quality and gives us a good snapshot of what's actually happening in our health care system, and he does this at arm's length from government — he found no evidence of declining quality in the system. You were at the same press conference I was. Remember, the stories were about babies being readmitted frequently. The number one reason for that — you were at the same press conference — was jaundice. He found that mothers were keeping their babies wrapped up in July, where it peaked, and again in the winter months, where it peaked, because the kids aren't getting out, getting any sunshine, because we've probably scared everyone about the fact that you shouldn't get any sunshine or you'll get a sunburn. So jaundice was the number one reason for immediate readmission rates for babies. It's quite correctable by a little bit of sunshine.

He was challenged on all of these questions that you've asked and he had, I thought, very good responses, showing that we have a world-class health care system. ICES and others are working very hard to make sure quality stays in the system.

**Mrs Caplan:** The point I'm making is that as your restructuring undertaking goes forward, I want a commitment from you that you will request those studies and table those studies, particularly in the areas of quality assurance around infection rates, readmission rates and the quality of care that is taking place in our hospitals to assure the population.

I'm not making any accusations. I'm saying I'm certain the ministry must have access to that information, and if you don't, a regulation under the Public Hospitals Act should give you that information. You should be willing to share that with us so that as you go through this massive undertaking of slashing \$1.3 billion from the budgets of hospitals, the horror stories that people are hearing and are fearing — I think there's real and genuine fear; it should not be underestimated — we can have those studies which will show the results of your restructuring. We need to start —

**Mr David S. Cooke (Windsor-Riverside):** We need the base data.

**Mrs Caplan:** Exactly. The point's well made, my colleague from Windsor-Riverside, that you need the base data so that you can show — and I know the practice atlas is there, but if you commission those studies and reports, I think that would be helpful.

**Hon Mr Wilson:** I don't need to. Every day oodles of stats are collected by hospitals. There are stacks of it. Go to any hospital today and you can get their disease and infection rates and cross-infection rates and all, just stacks of it.

**Mrs Caplan:** I think you have an obligation to collect them.

**Hon Mr Wilson:** Well, do you want me to table all 219 hospitals to —

**Mrs Caplan:** Yes, if you're not going to collate them.

**Hon Mr Wilson:** It's the exact information, by the way, that they collected during your time as health minister and they collect every day.

**Mrs Caplan:** There are good base data —

**Hon Mr Wilson:** Great base data. It's collected every day.

**Mrs Caplan:** I'm asking the ministry to compare it year over year and to present to us those studies that will show what the impact on both quality and access is as a result of your restructuring. I'm asking for a commitment that you will do that.

**Hon Mr Wilson:** It's probably physically impossible to —

**Mrs Caplan:** No it's not.

**Hon Mr Wilson:** — submit the data for 219 hospitals. Having said that, though, Dr David Naylor is in charge of research. They will be monitoring quality. I announced that day at the same press conference you were at that we will establish the quality council that he's asked for in the second atlas report. We're in the process of doing that and defining its terms of reference right now in consultation with a lot of people, because it isn't just the Ministry of Health in this.

Secondly, the accreditation process of hospitals: How many times have we been to hospitals where they've received their four-year accreditation where all of these stats that you're asking for are looked at, at arm's length again from government, by a national accreditation body. I think all of us are very proud of the accreditations that our hospitals receive. We often go to ceremonies where they're getting their three- or four-year accreditation. Therefore, quality assurance is also checked by a number of organizations, including accreditation and the practice atlas and David Naylor and ICES, and the daily statistics that hospitals —

**Mrs Caplan:** I'd be happy just with a "yes" answer.

**Hon Mr Wilson:** We are monitoring and will be monitoring quality.

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**Mrs Caplan:** And will you table those studies that show a year-over-year — what we're asking for is the statistics.

**Hon Mr Wilson:** The studies are available now. Go to any hospital. There's nothing stopping you. You don't need me to go, walk down the street and get them out of their bloody records department for you.

**Mrs Caplan:** We're asking the ministry, whether you do it directly or you have ICES do it or it's the quality institute, for a year-over-year analysis of the quality in our hospitals. As Minister of Health, I think it's a legitimate request that we're asking you to make a commitment to tabling that analysis with the Legislature.

**Hon Mr Wilson:** I will bring that to the quality council and I will ask if that's something that is feasible to do. David Naylor's doing that on a daily basis now in our hospitals. They're accountable to the public boards, who monitor quality assurance. Quality assurance reports are part of daily routine in hospitals. That information you're asking for is available today.

**Mrs Caplan:** Then all I'm asking is for you, as Minister of Health, to make the commitment to gather it, put it in a format that members and the public will understand, and table it in the Legislature so that we can have some assurance by virtue of those statistics being made publicly available that your massive restructuring is not having a negative impact on quality of care that communities are fearing. Since you are just beginning, I think that commitment's important to have on the record today so we will be able to have a baseline from which to judge how we're doing.

**Hon Mr Wilson:** Let me say I don't know what format it will take, but as part of the quality council that we've committed to — we'll ensure this is part of their terms of reference. We'll discuss it with them, and people can compare. In fact, I welcome it. I think we should have public report cards on our hospitals.

**Mrs Caplan:** I agree.

**Hon Mr Wilson:** And when I raised that in opposition I was told quite consistently, "All of that information is available today," that if I did a little more research, I could go down and start comparing hospitals myself. None of it's private.

**Mr Cooke:** Now you're giving the same answer.

**Mrs Caplan:** So now's your chance to give the answer that you —

**Hon Mr Wilson:** First of all, I want to know the CEOs who are complaining, because if they can't run their hospitals, I want to have a chat with them. Secondly, the —

**Mrs Caplan:** You're not going to bully them into submission, Jim.

**Hon Mr Wilson:** No, but I don't want them going around saying that things are falling apart in their hospital because of savings we're asking of them. We've had to turn back more operating plans this year than any other time, because they weren't cutting the administration and they were cutting the front-line people and we were afraid quality would — so we're being as tough as we can within the law that's set out in this province.

**Mrs Caplan:** You've led right into the next question I have. As a result of your cuts, the front-line nursing positions, those people who provide care in our hospitals, the expectation is that as many as 15,000 nurses will be laid off. Now, that's direct care for people in our hospitals. Has the ministry done any impact analysis of the result of those kinds of layoffs in our hospitals and the impact on people who need that care?

**Hon Mr Wilson:** You know that within the mandate of the commission is to ensure that they have the human resources plans in place. If we look at Windsor, it's a good model, having the human resource plan, or what I call the human resource plan — people call it different things — up front and the agreements with labour up front. The commission has indicated in the two com-

munities it's been to date where the restructuring is going on that they want to see these human resource plans in place.

The ministry also continues to have the program that was set up in 1992, the health sector training and adjustment program. Those dollars are still there for people, to help nurses and that retrain. And we've made our first investment, which a lot of other people talked about and didn't do, the \$170 million into community-based services, which will create an estimate of 4,400 new jobs. Plus, think of the construction jobs and that across the province as we restructure. There's going to be a net increase in employment in the health care sector.

**Mrs Caplan:** Yes, but I want to talk about care for people in hospitals, the care that 15,000 nurses are providing today. We've been told —

**Hon Mr Wilson:** I don't know where you get 15,000 from.

**Mrs Caplan:** Well, that's my question: Has the ministry done an impact study on the number of nursing jobs and direct care front-line jobs that will be eliminated as a result of your budget cuts? This is happening today.

You've already told us your restructuring plan isn't going to be in place for a year or more. We have hospitals that are giving pink slips to nurses who are delivering care to people. Those people in those hospital beds don't want to hear about construction jobs. They don't want to hear about jobs in the community. They're in the hospital. How are they going to be cared for? Who's going to care for them? Have you done the impact analysis?

**Hon Mr Wilson:** What I'll provide to this committee is the analysis of the other jurisdictions that we're three or four years behind.

**Mr Cooke:** Come on. You do impact studies within your ministry. I remember seeing them when we were there.

**Hon Mr Wilson:** We don't have an impact study on nurses because we have 60 district health councils that are running around doing these sort of things. Those studies are being done at the local level. There's about 30 reports that are in or coming in. Those impact studies are done where they should be done, at the local level by local people who know what's going on.

**Mrs Caplan:** Unacceptable. It's unacceptable that the Ministry of Health would not have the impact analysis —

**Hon Mr Wilson:** What is unacceptable exactly?

**Mrs Caplan:** That you wouldn't know the impact of \$1.3-billion cuts to your hospital budgets. You're saying it's all going to come from administration. We have heard that hundreds of nurses on University Avenue at the Toronto Hospital have gotten pink slips.

**Hon Mr Wilson:** In other jurisdictions, quality and access went up, more surgeries were performed, once they got rid of the duplication and the waste. It's long overdue and you should have started it a long time ago when you were in government.

**Mrs Caplan:** We're not talking down the road at the end of restructuring. We're talking today. Nurses are getting laid off, caring jobs. Nurses who are providing care to patients in hospitals today are being told they're laid off, they don't have a job, but those people in those hospital beds are not getting care today.



My question is not what's going to happen at the end of restructuring. It's what are you doing today to make sure that people in hospitals —

**Hon Mr Wilson:** But I've answered your question. With respect to Toronto Hospital, they've assured us that quality and access would be maintained as part of the roving teams they have. It's a model that they're trying in that hospital. There's more than one way to deliver services, and they're trying that. Now, you disagree. I've told you we'll monitor quality, and at the end of the day we'll know whether they're wrong. If they're wrong, by golly, we'll be in there to make sure that quality and access are maintained.

**Mrs Caplan:** I'm asking if you will gather together all of those impact analyses that have been done, whether in the ministry or locally at the district health councils; the impact of what \$1.3 billion in cuts will do to the care in those communities, in those hospitals. Certainly before you picked the number \$1.3 billion, you had to have some idea of what the impact was going to be on access to care. I think it's reasonable to ask you to table those impact studies.

**Hon Mr Wilson:** First of all, all decisions, including the layoffs, have gone through the district health council first, long before the ministry hears about them. Local people, many of whom you appointed, are still there. Many that the NDP appointed are still there. In fact, the majority of people we didn't appoint. They have gone through every line of these hospitals, every line of the operating plans. They know ahead of time what layoffs are going to come. They've not flagged, in the layoffs we've heard to date, any problems with quality or access. They are your best and most trusted, I think, front-line observers of what's going on. The complaints will go to the DHC and to the volunteer hospital board. So if you don't like my answers, long before it got to me, a lot of people looked at this and are assured that quality and access won't suffer as hospitals try to become more efficient.

**Mrs Caplan:** So I guess this is a yes or no question. Before you announced your \$1.3 billion in cuts to hospital budgets in the province, had you done an impact analysis on what it was going to mean for patient care across the province?

**Hon Mr Wilson:** We had done a couple of things. One is we had consultations with the Ontario Hospital Association and we had extensive consultations, as you know, to come up with the new equity formula. I can also tell you that in the Empire Club speech that David Martin — I don't think it would be fair to him, because he's retired now, to expose all the private conversations, but he publicly said that they feel very much that they can handle the approach the government is taking, and they realize that hospitals have to become more efficient.

If we look at Thunder Bay, for example, there's lots of good explanations there, lots of good evidence there. The commission looked at it. The administrative costs were far higher than the average for the rest of the province. Cardiac care, for example, was spread on three sites. That's absolutely ridiculous — very inconvenient for the doctors.

Dr Mulloy, the head of emergency services for Memorial, said, and I read the quote here last time, thank God somebody brought some common sense to the chaotic situation we've been living with for a long time. That was in the Sudbury case.

The commission has been backing up questions about quality; they've been answering those. Secondly, you can see by looking at what they've been doing so far that access will improve, because less money is going to be spent on the bricks and mortar and administration.

**1610**

**Mr Cooke:** Before I continue with about the same questions that Mrs Caplan's asking, I want to thank the minister for his pretty much indicating that my local regional cancer clinic will be getting the money they need to proceed, the 100% funding. I want to thank the minister for his quick work on that. I gather we'll be getting a letter by the end of the week, but you spoke to some members of the press today who were asking questions, and I very much appreciate that.

What I would like to ask the minister, though, in line with what Elinor was asking, is that I think there are really two different sets of cuts, and this was the type of question my leader was asking today. There's the restructuring process that's going on and the reductions in expenditures as a result of the restructuring in Thunder Bay, Windsor, Sudbury and elsewhere, and then there's the across-the-board cut that you announced of \$1.3 billion. Obviously those two processes have a different impact. The hospitals that are having to cope with the across-the-board cuts this year are not doing it in the same — whether we agree with the Thunder Bay decision, or Sudbury, that's not the point. The point is that when it's being done in the absence of a restructuring plan, they're just cutting, and that's what happened at the Toronto Hospital with the 300-odd staff that have been cut.

What Mrs Caplan was asking wasn't what the impacts would be in the communities that are studying restructuring. I know, with the human resource committees and so forth that are in place — I've only been critic now for a couple of weeks, so I don't know all the communities, but I know the process that was followed in Windsor; there were all sorts of committees that were set up to look at different impacts. But with the cuts across the board, you would have done some analysis within the ministry in terms of what the \$1.3 billion would do to staffing. Those are the kinds of statistics that I would like to see.

I remember when the deputy, the previous deputy and the current deputy, would come to our policies and priorities board committee meetings of cabinet and we'd be looking at the announcement for transfers. We'd take a look at each of the major transfer partners and we'd be able to take a look at the best analysis that the ministry could do on what the impacts would be on both service and, of course, as a result of that, on staffing. What did those kinds of numbers look like?

Related to that is, you seemed to indicate in the House today, when my leader asked the question about the layoffs at the Toronto Hospital and the layoffs at the hospital in my community, that you were surprised and

that this was the responsibility of the board at the hospitals and has nothing to do with you. You could not possibly have been surprised by those layoffs and the layoffs that are occurring in other communities that are not related to restructuring. You must know those numbers. I'd like to know what the numbers are to date this year and what you're projecting they will be over the three years.

**Hon Mr Wilson:** First of all, the savings, which you call cuts, are not cumulative. In fact, at the end of the day, the government will not see \$1.3 billion in savings in hospitals, because with our reinvestments we'll probably come out under \$1 billion. So there aren't two separate processes. They're one and the same. Toronto Hospital is preparing for new targets that they know the commission has in mind, and it's very much consistent with the district health council report. Again, they're not allowed to just make these cuts —

**Mr Cooke:** That's not the announcement they made. The announcement they made was clear. They said this was a result of the budget cuts to hospitals.

**Hon Mr Wilson:** I was with Dr Hudson when he made that statement. The fact of the matter is, that's the statement, but it's not a separate process. You don't get hit twice in this process. If Thunder Bay did restructuring in a year, theoretically, it then doesn't have to find year 2 and 3 of savings; it's done.

The \$1.3 billion was consultation with the Ontario Hospital Association. They said, "That's doable and we know you need that money" — because the services are moving to the community whether the government politicians want to catch up or not anyway. We've got to pay for them, mental health services and all those community-based services. There aren't two separate processes; it's not restructuring and you take your hits there and then it's \$1.3 billion. By the way, that's not across the board. That was the first time we did an equity formula.

**Mr Cooke:** Let me just understand that.

**Hon Mr Wilson:** Could I just finish? The \$1.3 billion, we didn't do a big feasibility study, we looked at the district health council reports, your own reports that you guys launched when you were in government. Metro alone said \$1 billion could come out of administration in four years. We looked at Metro and all the other reports we had in at the time and we said \$1.3 billion is a very conservative figure based on the reports we have and the dollars that have been identified by their own local communities saying, "We can do this." In fact, I've said publicly many times, I look at all these reports with 50-cent eyes because a lot of it is theoretical at this point. So the \$1.3 billion is very doable, very conservative.

Where you'd have a very good point is that not every hospital's the same. When get out into rural Ontario, if you're the only hospital in town, an 18% savings target over three years is very difficult, and that's why the equity formula tries to recognize that.

**Mr Cooke:** I still come back to the point that Toronto Hospital — there's going to be the restructuring in Metropolitan Toronto and then there's the budget here that they were faced with now and how they're going to cope with the budget cuts this year, which resulted in those layoffs. That isn't exactly the same process. They

are having to be done at different points in time, and decisions are being made that aren't resulting in restructuring of the system and reallocation of money within the system. It's being cut from those hospitals to cope with your cuts that you made, whether it's a community that's ready to restructure right now or whether it's going to be a community that's restructured next year or the year after.

I don't think there's any sense denying that, but the major point being that there had to have been some analysis done by the ministry about what the overall impact would be on the system in terms of layoffs of nurses, of cleaners, of other health care aides within the system. What kinds of numbers were you looking at would be the overall cuts?

**Hon Mr Wilson:** Perhaps, Mr Cooke, if you don't mind, I'll ask the deputy minister.

**Mr Cooke:** I've always found that deputies give much clearer answers than ministers.

**Hon Mr Wilson:** Because we want to be very open here, Margaret Mottershead was the person at the table with the hospital association, so she can inform you on those discussions about the savings and targets.

**Mr Cooke:** Don't disappoint me.

**Ms Margaret Mottershead:** In terms of setting the actual target, as the minister's indicated, we did look at the district health councils' assessment of the hospital situation in each of the communities where they were actually undergoing some restructuring activities.

In most instances, in terms of the report, the DHCs found tremendous opportunities for cooperative work in the area of laundry, dietary and shared services and they felt that we could get out of having taxpayers pay for the duplication that existed in many areas. So it was their assessment that you could get efficiencies, at least for the first year or two of the targets, through that kind of cooperative effort, and you have that happening in many, many communities. Certainly Windsor started out of the gate first. We have what's happened on University Avenue. We have what's happening in Chatham. It's all over. It's in all of those communities. There are some that by virtue of distance can't get to the kind of savings that they want, but they're looking at things like in the clinical area, telemedicine and other technology improvements to get there.

To answer the question with respect to savings, at the restructuring commission, the first one or two years of the savings targets were estimated to be derived from administrative efficiencies, shared services and the like. Year 3, it was anticipated —

**Mr Cooke:** How did the nursing cuts at the Toronto Hospital fit into that?

**Ms Mottershead:** The nursing cuts themselves — and you know that each hospital board has authority to actually determine how it's going to reach their targets. The Toronto Hospital very carefully analysed the way they're using their nurses and decided that they would take an approach of best provider for the type of care requirements in that particular hospital. Just like we have in long-term care where we have homemakers and not nurses providing bathing, they decided that they wanted to put the best provider to the best use, using your



highest skill for your highest need, and that was a decision.

Mount Sinai took a completely different approach and three years ago Sick Kids had a different view of what they needed. The decisions that are being made are directly related to the profile of the patients in those hospitals, what their needs are, how they're using their resources, and that's the decision they came to.

1620

**Mr Cooke:** But what confuses me is that for the first two years of the cuts, the guesstimate of the ministry in cooperation and consultation with the Ontario Hospital Association was that those cuts could be dealt with by administrative efficiencies, and obviously that means most of the cuts would be in non-patient care services; that two years could be handled that way. Toronto General has just cut 300-and-some-odd nurses; in my own community, 17 out of 39 nurses at the continuing care hospital, and that hospital was just set up. It's only been open for a year and a half.

The theory doesn't seem to be getting enacted in practice. The minister seemed genuinely surprised or angry at the announcement that was made by Toronto Hospital. When you were speaking in the House today, you didn't seem particularly pleased with the decision they've made. If you're not pleased, tell us, what should they have done?

**Hon Mr Wilson:** Again, the district health council reviewed this long before I heard about it. I heard about it when it was coming through the operating plan process and we make sure that they can assure us that quality and access will be maintained. While they've sent out a lot of layoff notices, you know they'll be hiring a pool of 150 nurses, and it's that pool of nurses they'll use to put forward best practices.

What I think just from a human point of view makes ministers uncomfortable in the House is, it is difficult for me to explain everything that went into that Toronto Hospital decision. At some point, you have to take it on face value that when the DHCs looked at this thing ad nauseam, when the ministry staff looked at this thing ad nauseam, when I had the opportunity to talk to the CEO of the hospital, and I've made it clear publicly that we won't let quality and access suffer, you have to say, well, they have a right to make the decision. And we don't own the hospital. They're autonomous corporations. We think we've got safeguards there and we'll see how it goes.

If at the end of the day we get true evidence and not just anecdotal evidence that there's going to be a problem, then of course we would react on that. That's why under the Public Hospitals Act you've the ability to send in supervisors if quality is affected. None of those rights have been abrogated. I should remind people that's only happened maybe twice in the last 10 years in this province. It's a very, very rare thing. Our hospitals are generally very conscientious about serving the patients.

**Mr Cooke:** Could we get from the ministry tabled with the committee data of the up-to-date information that you have on what layoffs have occurred in the hospital system?

**Hon Mr Wilson:** I think the best data is through HSTAP, wouldn't it be?

**Ms Mottershead:** And the operating plans.

**Hon Mr Wilson:** And the operating plans, yes. The operating plans are public documents. Remember nurses are on the committees that develop these operating plans, so the nurses at that hospital know long before the media does or the politicians —

**Mr Cooke:** I'm just asking for — I'm sure you keep data within the ministry in terms of layoffs at the hospitals you fund. Is that true?

**Hon Mr Wilson:** Based on the operating plans that they submit.

**Mr Cooke:** So could you table the information that you have with the committee?

**Hon Mr Wilson:** Yes, we can table that.

**Mr Cooke:** Could we get the chair of the restructuring commission to come before the committee? We've got what, Mr Chair? We've got this week, and do we have any days next week?

**The Chair:** Yes, we sit next week, but it all depends on how —

**Mr Cooke:** How much time will we have left next week?

**The Chair:** We had five hours and 34 minutes when we started today. When we are finished today, we'll have about three and a half hours next week.

**Mr Cooke:** Would it be possible to get the chair of the restructuring committee to come and talk to the committee?

**Hon Mr Wilson:** Of the Health Services Restructuring Commission?

**Mr Cooke:** Yes.

**Hon Mr Wilson:** I think it would be a very good idea. I can't interfere in the work of your committee. Invite Dr Duncan Sinclair. He's out speaking in just about the same places I am. Usually we do a one-two, it seems, these days on the speaking circuit, so he's certainly out explaining himself fully. In fact, last week he was at the hospital association for the hour after I was there.

**Mr Cooke:** Could I, Mr Chair, move, on behalf of Mr Bisson, since I'm not on the committee, that the committee invite the chair of the Health Services Restructuring Commission before the committee next week?

**The Chair:** If I hear Mr Bisson request properly, I don't think there's any problem. I'm sure the commissioner is on the payroll of the government.

**Hon Mr Wilson:** He's at arm's length, so you'd have to ask him; I can't compel him to come.

**The Chair:** At arm's length. Is he paid by the government?

**Hon Mr Wilson:** He's paid, the same with other people who are at arm's length from the government.

**Mr Cooke:** I'm sure the minister will help facilitate.

**Hon Mr Wilson:** Judges are paid by the government, but we don't compel them before committees; we invite them.

**The Chair:** What you can do — I don't know if I'm correct in this process — we could write to him and ask him if he'd like to appear.

**Mr Cooke:** Perhaps if we just passed the motion, the minister could communicate the invitation, since we don't have that much time.

**Hon Mr Wilson:** No. The appropriate thing, because Duncan Sinclair is at arm's length, is for the committee to go through its proper procedure and invite him. I'm sure you won't find any problem at his end; he's out speaking all the time.

**Mr Cooke:** Time is of the essence.

**The Chair:** The procedure is, if I understand it, if we still want the motion, there's a seconder and the committee agrees to that.

**Mr Gilles Bisson (Cochrane South):** I so move.

**The Chair:** All in favour? Against? We'll write the letter formally. We only have, as I said, tomorrow. Tuesday would be a good day, next Tuesday.

**Mr Cooke:** That's the first motion I've made since this government's been in place that it's accepted.

How much time do I have left? Two minutes? Okay. I'll get to some other things the next time around or the next day, but just maybe one question or one additional request for information. Could we get some information about what is happening over at the Trillium drug plan? Certainly my experience in my constituency office has been with some difficulties of backlogs of people that are applying and, once they've got their numbers, of when they actually get their cheques. Maybe you could take a minute to tell us if there are problems; there must be. Last time I talked to them, they told me that they were trying to get the waiting period down from 12 weeks to eight weeks and that some additional staff had been brought in. What's happening there? Are there any actual data that you could present to the committee?

**Hon Mr Wilson:** Having a strike earlier this year for five weeks didn't help, because the tracks from Revenue Canada were being entered at that time. We were a bit behind beginning the program. We actually delayed the implementation of the program by about a month, I think, from the original plan because of the strike. There are some complaints, there's no doubt about it. About three Fridays ago, whatever day that was, we started to send out the cheques for the people who were owed the \$100 that they shouldn't have paid. Their cheques are still going out.

**Ms Mottershead:** The question was on Trillium.

**Hon Mr Wilson:** Oh, I'm sorry, Trillium, not the copayment.

**Mr Cooke:** No. I'm talking Trillium.

**Hon Mr Wilson:** I'm sorry, because we had problems with the copayment that Revenue Canada tracks. According to the notes — I haven't had a lot of complaints, Mr Cooke, in my own riding office; I think the requests are being filled faster than they were — it indicates, again, that the strike slowed things down, but we can all understand that. Perhaps the deputy would fill you in on other details of it. There probably are problems there.

**Ms Mottershead:** The rate of takeup in the Trillium program has skyrocketed. We average about 100 applications a week. As a result of that, we have got into a backlog situation over the summer. We did hire 14 additional staff on a temporary basis to clear up the backlog. We will be back in sync by the middle of November and be up to date with new applicants coming in and will have completely cleared the backlog. We've made great strides over the last two months.

**Mr Cooke:** So the norm would be that when someone applies they should get their number and then things should go very quickly?

**Ms Mottershead:** That's correct, depending on what income bracket they're in.

**Mr Cooke:** Certainly the couple of cases I've had, we've been talking months.

**Ms Mottershead:** They're probably ones who applied in the spring when we started to get the increases in applications.

1630

**Mr Wayne Wettlaufer (Kitchener):** Mr Minister, you might find this hard to believe, but I actually want to talk about estimates. With regard to the figures we were discussing the other day, you referred to the public accounts, so I pulled out the public accounts. I'd like to talk about salaries and wages in the operating section of the ministry. I need some clarification. In 1995-96, the estimates for salaries and wages were \$46.724 million and change.

**Hon Mr Wilson:** On a point of order, Mr Chairman: Can I ask what page the honourable member is on? There are several operating pages.

**Mr Wettlaufer:** I'm sorry. It's page 22 of this year's estimates, in the briefing book. The estimates were \$46.7 million. The interim actual produced was \$42.6 million. I don't know what date the interim actual was produced; I don't know if you have the date there.

**Ms Mottershead:** They would have been produced around the end of April.

**Hon Mr Wilson:** It's required after the tabling of the budget, isn't it? No, that's the estimates; the interim is just a snapshot.

**Ms Mottershead:** That's right. The interim we do as we're getting ready for the budget, because the interim actuals have also got to be reported in the budget. Once the budget is tabled, 10 days after that, the actual briefing book of the estimates is required for this committee and for the Legislature. Therefore, the snapshot, in terms of interim actuals, is towards the end of April; that's when that snapshot is taken.

You will note — I think you raised the question last week — that there was a difference between the interim actuals that were noted in the estimates and the actual actuals that were reported in public accounts. There is no difference in the capital account; they were exactly the same figures. On the operating account there's only a variance of \$2.2 million; we spent more in actual than in the interim actual.

**Mr Wettlaufer:** Okay, I understand that, but I still have a problem: 2.2 million bucks is 2.2 million bucks. That's 5%.

**Hon Mr Wilson:** Of the world's second-largest health care corporation. I mean, it's big, but \$2.2 million out of \$17.7 billion isn't bad.

**Mr Wettlaufer:** But if we do an interim actual, that is supposedly at the end of March?

**Ms Mottershead:** It's at the end of April, but there's a whole lot of reconciliation that goes on. First of all, normally the cutoff date for paying accounts in the Ontario government is towards the third week in April, thereabouts; the 25th or 26th of April is usually the



cutoff. But there is a reconciliation that happens, because there still could be services rendered right up until April 30 that are required to be paid in that fiscal year for which accounts are reconciled after we do the interim actual.

**Mr Wettlaufer:** Okay, that's fine. But then when we do the estimates for 1996-97, we show an increase over the actual figures for the year 1995-96 in salaries and wages. I'm wondering why there is an increase. Did we have a corresponding increase in staffing? Did we have an increase in managerial? Did we have an increase in ADMs? Where is that increase?

**Ms Mottershead:** I wouldn't portray it as an increase. If you look at estimates to estimates, you'll see that there is a net decrease of over 4%.

**Mr Wettlaufer:** I'm not looking at estimates to estimates; I'm looking at estimates over actual.

**Ms Mottershead:** That could in fact be one payroll and where it hit in the cycle could explain an increase of \$2 million in that one payroll.

**Mr Wettlaufer:** Last year's actual was \$41.5 million; this year's estimates are \$44.7 million. We're talking an 8% increase.

**Ms Mottershead:** I'm not following. Where's the \$41 million?

**Mr Wettlaufer:** I'm referring to public accounts, 1995-96, the actual operating salaries and wages.

**Hon Mr Wilson:** You cannot compare the public accounts book to these books. If you want to compare oranges to oranges, our administration is \$6.7 million lower than the previous one. That's oranges to oranges. If you want to do public accounts — Mr Chairman, you should have a briefing about what estimates are, what public accounts are, so members don't have to waste their time and have the health minister explain to them financial procedures at this point.

**Mr Wettlaufer:** I don't buy that.

**Hon Mr Wilson:** He should ask health questions and I shouldn't have to explain public accounts and estimates processes.

**Mr Wettlaufer:** These are estimates; they're not health problems.

**Hon Mr Wilson:** I can tell you that we're significantly lower, and the money has gone into dialysis and everything else. You can't compare it to public accounts.

**The Chair:** Mr Minister, we have had briefing on this. When I started, I did bring in —

*Interjections.*

**The Chair:** Could I have some order, please.

I've had some briefing about what estimates are all about before we started this procedure. Mr Minister, I don't know if you were there, but this was done. I think the questions you're asking are quite pertinent. You can get an answer or if there's an explanation they will give that.

**Ms Mottershead:** Can I at least try to answer the question again? When estimates are prepared they are a forecast of requirements in terms of salaries and wages and other accounts. It is a forecast. Some events can happen in-year that would put that number up or down. Some years we've had, for example, freezes in staffing activity because we're reviewing programs, doing that or

other. Natural staffing freezes could reduce payroll, because you're not filling vacant positions, by an amount of money, whatever that may be.

On the other hand, in answer to Mr Cooke's question around the Trillium drug program, we didn't have in our forecast an increase of 14 staff to deal with the backlog in the drug program. As a result of that backlog, we are going to incur additional costs this year in salaries and wages because of the 14. You will get natural fluctuations within what is forecasted and what actually happens at the end of the year, because it is a big enterprise. I just want to remind members that the Ministry of Health has over 11,000 employees, the majority of whom are in our psychiatric hospitals. It is a big operating budget.

**Mr Wettlaufer:** Okay, so could I have an answer to my question as to whether or not there has actually been an increase in staffing or an increase in managerial or an increase in executive, ie, ADMs?

**Ms Mottershead:** There has been no increase in executive staff. As a matter of fact there's been a net decrease in the Ministry of Health over the last 18 months of more than 1,000 positions.

**Hon Mr Wilson:** Could I just point out, with all due respect, that estimates to estimates in this chart show a \$6.7-million decrease. That's the only oranges to oranges you can compare on this page. It has to be estimates to estimates, not actuals to estimates. I think the deputy has tried to explain fluctuations there.

**Mr Wettlaufer:** I'm sorry. I've had an awful lot of experience with financial statements and numbers. I do not compare estimates to estimates; I compare estimates to actual figures from the previous year. I know a lot about numbers.

**Hon Mr Wilson:** That's if the actuals — this probably isn't set out the way you think it should be set out.

**Mr Wettlaufer:** It sure isn't.

**Hon Mr Wilson:** Like we said last time, it's very confusing for ministers too, believe me. I'm sure there are better private sector ways of doing it, but this is the way the public sector reports in the parliamentary system, and you'll find this system very consistent across all governments in Canada. I used to work for the federal government; same type of boxes. I'm not saying it's right; it's just that there are rules bureaucrats have to follow to make these reportings.

**Mr Wettlaufer:** Now I know why the Provincial Auditor has so much trouble.

**Hon Mr Wilson:** The auditor apparently understands these things.

**Mr Wettlaufer:** No, he doesn't.

I have a couple colleagues who want to ask questions.  
1640

**Mr Morley Kells (Etobicoke-Lakeshore):** I'd like to briefly revisit the statement given by the minister when we started estimates. I'd like to touch on a couple paragraphs and then work from there. The minister said:

"The government created the Health Services Restructuring Commission — at arm's length from government — and empowered it to implement local hospital restructuring plans, and engineer a reformed hospital system that puts the needs of patients first.

"There is only one reason that needed restructuring has not happened over the last 10 to 15 years — politics. It's time we took the politics out of the process. That's why we created the Health Services Restructuring Commission."

The reference to taking politics out of the system probably works for the minister, but it certainly doesn't work for the local MPP. I find it a little difficult, as a member who has a hospital — I'm sure everybody has a hospital under some kind of pressure — to make them understand this difference the minister feels is obvious. The good folks don't necessarily feel that way.

In the case of the Queensway General Hospital, there was an article in the *Toronto Star* on August 13 which indicated that the Queensway, among a group of 11 hospitals in Metro, is under pressure to be closed and that this report had come up from the Ministry of Health and had been sent on to the commission. As a result of that newspaper article, and even after comments from the minister which disavowed any connection or any relation to his ministry ever having put together that kind of a recommendation to be sent on, it still did not take the politics out of my riding and out of the Queensway hospital.

So the good folks there, in their simplicity, and not really understanding this terribly involved government we have, got a petition up, which reads I think pretty fairly. It says: "As a community member who depends on Queensway General Hospital for health care services, I am very concerned about the rumour of possible closure published in the August 13, 1996, edition of the *Toronto Star*. I need my community hospital. I am very opposed to having it closed." These good folks, up to September 27, collected 20,541 signatures prior to running out of paper and running out of time. In their simplicity and lack of understanding, they gave the petition to the mayor. Talk about politics getting one removed — now the poor mayor has 20,541 signatures which —

**Mr Bisson:** If your riding is redistributed, it might not matter.

**Mr Kells:** No. Unfortunately, I'm the big winner.

I want to get to a couple points. I was just trying to get that little background. We have this petition now and we have people who don't understand too much about your restructuring commission except that it's in existence. They don't know enough to separate it from me or the mayor. Indeed, they only see it as government policy. Of course, they had this rumour to deal with. Unfortunately, things printed in the *Toronto Star* seem to carry more credibility than maybe some announcements made by the good minister. I know you've covered this ground before, but leading into a series of questions here, I'd like some denial one more time that the Ministry of Health, one little person in the Ministry of Health somewhere, ever listed Queensway hospital as a hospital that was somehow deserving of being closed and were indeed about to pass that information on to the commission.

**Hon Mr Wilson:** With between 11,000 and 13,000 employees, I can't tell you for sure that somebody didn't write Queensway down somewhere. The report Thomas Walkom had is one I never saw. I don't even know what it is. In fact, he had to write another story afterwards just

to convince his readers that he actually did have a report. I have some credibility with the public in terms of honesty over my 13 years of public life, and when I say I didn't see a report and it didn't go to the commission, I didn't see the report and it didn't go to the commission.

To this day — I've asked Thomas, actually — I don't know what report he's talking about, but he has some paper that was supposedly generated in our ministry, but it did not go. Queensway's name, as he mentioned in his article, I can assure you did not go from my ministry. In fact, those reports have been made public now, what did go to the ministry. We have nothing to hide. It was a staff report signed off by an ADM, it was discussed with an ADM, and certainly we didn't, as a ministry, add to the list of hospitals that the district health council had pointed out in its November hospital restructuring report.

It is a new way of doing business. When we came to office — you were part of a government that in the past did business a little differently — there were 219 separate deals for hospitals. To go into a riding and try to explain fairness for somebody's hospitals must have been a mammoth task for previous health ministers. You really must have been skating, as you went around the province, to try and explain 219 separate deals, depending on who the MPP was, over the years.

The whole thing has got to be focused on patients, the needs of the community; it's not per capita funding. Waterloo is wrong. We've never funded per capita. What if you have a really young area like Barrie? Per capita funding would make Barrie extremely rich but they don't use the hospital that much, because it's a young community with young families. Older communities with fewer people use hospitals more, so if you funded them per capita, you'd be ripping off the seniors in those communities. There's a lot of mythology out there.

The St Mary's story reminds me: I have never said anything about St Mary's. We have no report cancelling St Mary's and yet I read every day that the government is closing St Mary's. I wish someone would write the local paper and say we're not closing St Mary's. I have no report that says the Queensway is going to close, if that's the answer to your question. The commission will decide.

**Mr Kells:** I'm glad to hear the minister deny one more time, refute the authenticity of that story. I never for one minute questioned the honesty of the minister, I wouldn't do that, but I did bring up the point that when you say you take politics out of something, it's not enough to say you take it out when, after all, it is there. It's a living thing and it's there every day.

My next concern involving the commission, and I'm glad to hear we're going to get the gentleman down, is the schedule. Are we starting in the north and working to the south? At what time does this fear level that communities have to deal with — I see by an earlier piece of paper that the life of the commission is four years, and in the latest piece of paper there's no reference to the life history of the commission. Is there a schedule? I want to talk a little bit about the mandate. I might be able to hold the mandate until the good chair comes here, but maybe the minister or his deputy could make some comment. When this commission was brought into existence, were



they given some kind of geographical and time schedule to work on this hospital review?

**Hon Mr Wilson:** Again it's arm's length, so we don't have control over where the commission goes. It went to Sudbury — no, hold on. We went to Sudbury and Thunder Bay because their district health council reports were done a long time ago, and they've been sitting there gathering dust because no previous government would move. By the time they went to Sudbury, I think, the data were two and a half years old. Secondly, only the politicians seem to fear this. The editorials in Thunder Bay and Sudbury say this commission has done the right thing. I read the editorials into the record here last time.

I remind you that in Toronto there are 44 hospitals. They know that restructuring is long overdue and they want an excellent hospital system in the end. Because they couldn't decide among themselves, the district health council did a report in November which makes some decisions, and the commission will use that as a basis for its study of the hospital system. At the end of the day you're going to have hospitals that are better equipped and more efficient, serving more patients. You cannot beat the comments of at least the media in Thunder Bay and Sudbury that they've done the right thing, and finally put an end to the turf wars. What do turf wars have to do with serving patients?

1650

**Mr Michael A. Brown (Algoma-Manitoulin):** I think Mr Kells maybe didn't ask the right question. Could I have your assurance that Queensway hospital will remain open?

**Mr Kells:** You're not getting me in any more trouble now.

**Hon Mr Wilson:** No, I can't. That would be directly interfering in the work of the commission.

**Mr Michael Brown:** Thank you. That's all we needed to know.

Last week when I had a little conversation with you I indicated that I hadn't read the Sudbury restructuring commission report thoroughly. I have had a chance to review it a little more carefully. I am attracted by a statement that is made which says, "Draft Notice of Advice to the Minister of Health Concerning the New Sudbury Regional Hospital Corp."

The 14th point, page 4, under "Integrated Delivery System," says:

"Establish, in conjunction with the HSRC, by December 31, 1996, a planning committee comprised of representatives of the northeastern region of the province to do the following:

"(a) Examine the options for integrated delivery system(s) in northeastern Ontario including a single governance model;

"(b) Evaluate the options and make recommendations by...June 30, 1997."

It goes on from there. What I want clarified from the minister is: Are you going to accept this direction, first of all, because it is advice from the commission? If I am reading this correctly, I understand this to be one integrated delivery service for the entirety of northeastern Ontario. First, will you accept the recommendation?

Second, is my understanding of what this direction from the commission says correct?

**Hon Mr Wilson:** Mr Brown, the ministry received its copy of the report at the same time the public did. We're reviewing it right now, and I can't really make any comment as to whether we'll accept those recommendations. If you want to talk about Thunder Bay, now that the commission has completed its work, that's fair, but this is the 30-day —

**Mr Michael Brown:** No, this is advice to you. This isn't advice to anybody but you.

**Hon Mr Wilson:** I know. It's a 30-day comment period, and at the end of that period we'll be making public our comments to the commission. It's a little premature. I just ask you to give me a bit more time.

**Mr Michael Brown:** Maybe you can just clarify to me what you believe this recommendation means.

**Hon Mr Wilson:** I don't know what's best for Sudbury. This 30-day period is so that local people can tell us whether an integrated delivery system, IDS, is the right thing.

**Mr Michael Brown:** The point is that this is not Sudbury. This is the entirety of northeastern Ontario. You're looking at a single governance model for the entirety of northeastern Ontario. That's for who knows how many hundreds of thousands of square kilometres. We know it's probably around 600,000 people. I'm just asking for clarification: Is that what you're being told to do and is that what you might be interested in doing?

**Hon Mr Wilson:** At the appropriate time I'll be making that public. We haven't made up our minds.

**Mr Michael Brown:** You don't have much time.

**Hon Mr Wilson:** We've just gone through, with all our partners in health care, these huge seminars on integrated delivery systems. Unfortunately, I was called over here the other day and couldn't sit through ONHA's presentation, so I've not seen the Ontario Nursing Home Association — but it's IDS. That's exactly what you've got in front of you.

**Mr Michael Brown:** I'm taking some offence to "unfortunately" having to come to a committee meeting.

**Hon Mr Wilson:** They were very offended that I didn't go to their meeting because I was over here, believe me, and they said it on Focus Ontario the other night. Now how fair is that? Here I'm called to estimates, I have to appear and be accountable to Parliament at 3 o'clock —

**Mr Michael Brown:** Are you complaining about that?

**Hon Mr Wilson:** No. It's just hard to be in two places at once. To get a shot on Focus Ontario I didn't think was very fair when I'm trying to be accountable to the public and spend two hours to answer your questions each day during estimates. Anyway, that aside, that's politics.

My point was, I haven't had a chance personally to look at their presentation. I've certainly looked at a number of documents they've submitted to the ministry on integrated delivery systems. I think the jury is still out as to what the northeast is going to look like.

**Mr Michael Brown:** This is the 30-day comment period.

**Mr John C. Cleary (Cornwall):** Something I've been very concerned about for many years — I know you talked about it when you were in opposition and I was also in opposition — is dialysis in our part of eastern Ontario. I was pleased when you announced that you were going to put dialysis in rural Ontario. I immediately contacted you, and you said that the people of eastern Ontario got their submission in. You almost assured me at that time, and I'm quoting you, that "the new services" will be "up and running by the end of the year" — 1995. Many of my constituents, 32 area residents, have to travel to Kingston and Ottawa. Could you bring me up to date on exactly what's happening there?

**Hon Mr Wilson:** Mr Cleary, I think it's a very good question. Unfortunately, with the court's involvement, I cannot comment any further than to inform you that there's a judicial review of the tendering process and we're in that review now. It's unfortunate because, in my opinion, we are very committed and we've expanded the centres across the province, except that one tender got held up on a judicial review and it's still in that process.

**Mr Cleary:** Have you got any idea when the courts will make a decision?

**Hon Mr Wilson:** The courts have given no definitive period of time for the parties to try to come to a settlement or conclusion or to explore the directions given by the court. I can only assure you that the direction given by me to ministry staff is to get this thing resolved as quickly as possible.

I appreciate your kind words in terms of the four and a half years I spent in opposition, including having a private member's bill passed in the House in my name, which is a fairly rare thing, to get dialysis services up and running. The previous government didn't move very much at all.

I just reaffirm that I'm very much committed to getting the services expanded in eastern Ontario. You have some really tight areas there that need services closer to home. Unfortunately we have to respect the directions given by a court.

**Mr Cleary:** Another issue there is the ambulance service from Cornwall Island. I have been contacted by a constituent whose mother was recently placed in a nursing home on the reserve because there was no available space in Cornwall. Whenever the woman is brought to Cornwall for appointments etc it has to be by ambulance, and here's where my constituent's concern lies: The Cornwall ambulance service will neither pick her up nor deliver her back to her nursing home because it's not their jurisdiction, and therefore she relies on the Cornwall Island ambulance service, the native service, but this service charges her because she is not a resident of the reserve. If she were a status native this service would be free. My constituent doesn't feel this is fair.

What do you think about this situation? Do you agree with the policies of the two ambulance services?

**Hon Mr Wilson:** I think I'll have to ask your indulgence to look at the specifics of the case, because I'm a little confused about one ambulance service charging and the other not. If it's an ambulance, under our laws, there are no exceptions for native reserves, so it must be a federal ambulance or something funded differently. We

have one law for ambulances, and they can only charge the non-emergency transfer fee, or the emergency transfer fee, depending on the situation. But I would be more than happy to look into it, because if your constituent's confused, you can tell her the minister's a bit confused too.

1700

**Mr Cleary:** I think maybe we might have sent something through already to you on that. If we didn't, we will. It's a situation, I know, that they don't have her placed there, but she has to be placed and that's the only one available.

**Hon Mr Wilson:** Okay. We'll check that.

**Mr Cleary:** Another senior, whose annual income is under \$16,000, has been complaining that she was placed in the wrong category for the Ontario drug benefit copayment. To correct this situation, she completed the necessary forms and provided the drug benefit branch with a copy of her tax assessment. She was told that it would take three or four weeks for the information to be processed.

During this processing period, she needed another prescription. She was forced to pay another \$78 up front — another two or three months.

It is now six weeks and she is still not registered properly. She needs another prescription filled and she cannot afford this. This woman is on an income under \$16,000. This woman has said that she will have to do without her medication until the staff get their computers in order and register her properly.

I was just wondering, Minister, what I should tell constituents like this.

**Hon Mr Wilson:** We did have some initial problems with getting the revenue classes straightened out among seniors. If she's filled the forms out — there was about a three- to four-week backlog, but we're working towards a 24- to 48-hour-period turnaround on those.

To remind people, this system is the largest computer system in Canada. Nobody else has anything compared to it. We do 42 million drug transactions a year just for seniors on it. There is no company comparable. It's a very complicated system, second only to Interac in terms of having all of the pharmacies linked up. Anyway, that's no excuse. We've got a good firm, I think, that qualified to do it and they're trying to improve things.

Your constituent shouldn't be out of pocket any more than \$100. I know that's a lot of money for a lot of people —

*Interjection.*

**Hon Mr Wilson:** Yes. Nobody pays more than \$100 a year, including the copayment, the first \$100 of drugs, if she's in that top category, and then \$6.11 for every prescription after that. So the cheques are going out. Again, you probably have given us the name, but we would need the name in confidence so that we can check it on the system.

I have to admit, we're the last province to bring it in. I think there's some credit to the ministry. We certainly didn't go through a lot of the growing pains that other jurisdictions did because we had the benefit of being the last and learning from them. We've had relatively few complaints when you consider the number of transactions



and people we're dealing with, but we want to make sure that everybody is getting their full entitlement of what they're entitled to.

I remind people that by doing this, we've added just over 250 new drugs to the formulary. That's in contrast to the previous government that delisted close to 230 or 240 drugs. The money didn't go to the treasury. It's all reinvested, and more. So by everybody paying a little bit, we expanded — it's the first time new drugs have been added in a long, long time from the drug companies, new and innovative drugs that will help us save money down the road and hospitalizations and that sort of thing. It's very important with respect to a number of the drugs that came on: the AIDS drugs, which are very expensive.

Secondly, we expanded the Trillium drug plan so that 140,000 more working poor — those in particular with incomes under \$20,000 but not low enough to be on welfare, so always caught in that — they'll never have to pay any more than the first \$300 of their drugs per year, which is the most generous drug plan in Canada. So by everybody paying a little — and we should remind our seniors. When I explain it to seniors and what really happened rather than the political rhetoric, and say we took that money, reinvested it in the Trillium drug plan and in new AIDS drugs — and by the way, we spent far more on the drugs and the expansion of the Trillium drug plan — we will eventually spend far more than what we're going to see in the copayment.

**Mr Michael Brown:** As a supplementary then, Mr Chair, I asked the minister last week what the administration cost of this particular program was and I haven't received an answer.

**The Chair:** Do we have an answer today?

**Ms Mottershead:** It's right in the estimates here, so I'll just find it and give you the answer.

**Mr Cleary:** Mr Minister, we'll get that information to you. You may have it already. I don't know what to tell these people.

Anyway, I have another thing here and I think it's gone through to your ministry already. There have been some very hardworking mothers who are trying to care for children in a different way. I have to read this to you:

"Mrs Heather Leger has taken the time to share a proposal that she submitted to the Eastern Ontario Health Unit regarding health and development of very young children.

"Mrs Leger supplied a copy of her recommendations to your ministry, but I wanted to make sure that you got it so you could get our suggestions and possibly get an answer.

"Using the research of Dr Fraser Mustard of the Advanced Research Institute, Mrs Leger has pointed out activation of a baby's neurons from a very early stage assists in the overall development of young children.

"Further, decreasing incomes means many young parents responsible for nurturing their children have to go to work, possibly impacting their children's development.

"Mrs Leger has pointed out that projects which support parents in their efforts to improve prospects for their infants are actually excellent investments for all parties — including projects that the provincial government supports.

"While applauding the Eastern Ontario Health Unit for providing many excellent parent and children programs, Mrs Leger is concerned that not all children benefit.

"As such, she is recommending that the government of Ontario introduce legislation which would enshrine the rights of children to a supervised standard of care for the first three years of life.

"Mrs Leger recommends: assigning prenatal professionals to newly pregnant women; longer stays in the hospital after delivery of the baby; home visits from health professionals for the first 10 days, then once a week for six weeks; phone support and/or 'mentoring' for new parents; courses on parenting, nutrition and nurturing; a government-sponsored public information campaign on infant education and socialization.

"Mrs Leger concludes by observing that our society requires licences to drive a car, but not to be the sole guiding force for a human being.

"She also enclosed a horrific news article about the Toronto couple who were recently convicted of murdering their baby through abuse and malnutrition."

I guess that she has asked you for your comments on her proposals. I knew that we were in committee so I thought I'd put it on the record and ask you here.

**Hon Mr Wilson:** I appreciate you doing that. I know you provided us copies of her proposal. You can be assured that it will be taken into consideration, and quite seriously. The government has announced a healthy babies program and we've been receiving a lot of good advice from people who know what they're talking about on how we should develop that program. We'll certainly be writing back to your constituent and also making announcements — we hope pretty soon — about what that program will look like, or it could be a variety of programs to help families have healthy babies, and that's what we're calling it.

1710

**Mr Cleary:** She's been a big asset to parents in our part of Ontario and I'm sure that she would like to work with anyone else, because she's retired now and she wants to put her work to good use. Am I out of time?

**The Chair:** You're out of time.

**Mr Bisson:** To the minister, there are a couple of things I want to ask you about. The one that's sort of the top of mind right now is the question of what's in regard to hospitals in regard to cuts across the board and also in regard to the restructuring. I'll start with the cuts.

I listened intently in the House in question period. A number of times when asked questions by the opposition parties about the effect of the cuts on services in the province of Ontario as they affect patients or prospective patients of the hospitals, you keep on referring that hospitals are not bricks and mortar, and I agree with you. Hospitals aren't bricks and mortar; hospitals are people, hospitals are services that are provided by doctors and nurses and a number of other people.

I guess the simple question I want to ask you is, when you go to a hospital, like Mount Sinai, for example, and you cut \$18 million, or you go to a hospital like Timmins and District Hospital and you cut \$1.6 million or \$1.8 million, through the announcement you made last year, is it your belief that no services will be affected, that

services will remain as they were at the time prior to the cuts until after?

**Hon Mr Wilson:** We know there'll be some adjustment in what hospitals do. At the end of the day, they are charged with serving the health care needs of the people in their catchment areas.

**Mr Bisson:** Will it be more difficult for Mount Sinai and Timmins and District Hospital to meet their obligations in the community with less money?

**Hon Mr Wilson:** As difficulties arise — I've been to your hospital. In fact they've received, through the psychiatry announcement we made, which is a pretty amazing announcement I think for your area, a computer program you have up there and a bunch of other things. You've already received a significant number of reinvestment dollars and we haven't seen the savings from hospitals. That only started on April 1. I was up, prior to April 1, to put new money into your area.

Secondly, through the planning process we have with hospitals, we would want to hear about their difficulties in trying to provide services. We know this isn't an easy time as they adjust, but our preference is that they — first of all, they have to talk to their DHC about any service cuts they might make, so that's flagged right away. Secondly, they've got to go through the operating plan process. Thirdly, they have a local board that owns that hospital, not the Ministry of Health.

**Mr Bisson:** I well understand the process, Minister. As you, I was very involved in my time in government and in my time in opposition about how hospitals are run and how decisions are made. The simple question I ask you is, if you go to the Timmins and District Hospital, or you go to Mount Sinai or you go to Toronto General, or you go to whatever hospital it might be, and you reduce the amount of dollars that you have announced as the minister of your government, will it be in the end more difficult for them to provide the services that they were providing prior to the cuts? Yes or no?

**Hon Mr Wilson:** They are to cut administration first and waste and duplication; they're to identify those areas first. That's why this year we sent back more operating plans than your government certainly did or any previous government, as I'm told anyway by the ministry bureaucrats who have been there for a long time, because we didn't see the evidence in some cases of the administration cuts.

**Mr Bisson:** I'll come back to the operating plans as I come back into the second part.

**Hon Mr Wilson:** Is there a particular program you want to bring to my attention?

**Mr Bisson:** I'm asking a simple question. Hospitals in this province will receive less money in their operating budgets as compared to last year. The question I'm asking you is, as the Minister of Health, do you think it'll be more difficult for those hospitals to provide services such as they were prior to the cuts?

**Hon Mr Wilson:** But that's not the question. The question is, do the people of your area have access to health care, whether it's in the hospital bricks and mortar, whether it's down in the mental health centre, whether it's home care, whether it's nursing. That is the question that the new health care system is premised on, and that's

patient care. If there are gaps in patient care we need to hear about it, and the commission's hearing about it. In fact the investments they've asked us to make in Thunder Bay were to close exactly those gaps. So you can no longer just isolate the hospital and measure what it does; you have to look at the whole continuum of care. By the way, your government wrote volumes on continuum of care, patient-based budgeting. I'm simply trying to implement much work that's been done prior to me.

**Mr Bisson:** Listen, we'll get to that part after. What I'm asking right now —

**Hon Mr Wilson:** The question isn't just the hospital.

**Mr Bisson:** Minister, I asked you a question. On the institutional side, I well understand the reinvestment and the restructuring and what that all means with regard to not all services that we presently see in our hospital systems being delivered just through the hospitals. The community care comes into play. I understand all that. What I'm driving at is that I listened in the House to you and other members of your government and cabinet make comments that you don't believe that these cuts in any way, shape or form are going to affect services. I'm wondering if you're still sticking to that.

**Hon Mr Wilson:** I met with your committee up there briefly; I was very impressed. Don't quote me exactly, but I think there must have been 15 or 18 people from community-based services and the hospital. They were working together to make sure that the patients were actually served. They weren't sitting there saying, "Gee, there are savings being achieved here and therefore patients are going to suffer." They were saying, "We can do that job better than you can, Mr Hospital." I was there in the debate. They were saying, "We're already geared up to deliver in-home services, so let us continue to do that."

**Mr Bisson:** That is where I am driving to, because I underwent the process —

**Hon Mr Wilson:** I cannot and will not answer your question if we're going to take one piece of the health care system in isolation. That's unfair and that's not the way health care's moving in this province.

**Mr Bisson:** I can well understand why you wouldn't answer. I underwent, as did other members, during the term of our government a process of restructuring hospitals within my own riding. The premise for that restructuring was very different from what's happening right now. We said to the Timmins and District Hospital that as they amalgamated into one hospital from the existing structure at the time, the budget of the Timmins and District Hospital would not be diminished. The money from those hospitals would be merged together to run the new hospital. They didn't get as much money as they wanted. That's the case; I was there. They asked me as a government member for three years to increase their budget, at which point I went back and said: "No, that's not going to happen at this point. The restructuring has to happen. There are some efficiencies that could be made."

Where I am driving to with all of this is the process of the restructuring. I think Timmins was a good example. We went through a process that took a fair amount of time. At the end we have ended up with, I would argue, a fairly good restructuring plan that has been fairly well



implemented since the opening of the Timmins and District Hospital.

I look at what's happening now in Sudbury and I look at what's happening in Thunder Bay, and you don't have the community involvement that happened when we did things like Timmins. If you were impressed by the people you met in Timmins with regard to the plan and how they worked at it, the strength of that was that nothing was really done behind closed doors. It was done out in the open, and the local backbencher, who was me at the time, had an opportunity to be involved. I don't see that happening with your members. No disrespect to them, but they're really left out of the process a great deal.

What I'm asking you is simply, why not build on the experiences of Timmins and Sault Ste Marie, which did go through restructuring prior to your government coming into place, where a major restructuring was done of hospitals in such a way that the continuum of care did continue? I don't see that happening now.

**Hon Mr Wilson:** That's very interesting. I want you to take this Hansard back to Timmins hospital, because when I was there they said, "You know, we've never gotten together with the other hospitals." They actually talked about the commission with me at that time and said —

**Mr Bisson:** I didn't hear the first part.

**Hon Mr Wilson:** How many hospitals are in the Cochrane area?

**Mr Bisson:** Nine.

**Hon Mr Wilson:** They were pointing out hospitals they had never even talked to, your own hospital. So it's interesting that you had this process. The meeting I was at with the community-based people was to develop a new plan for community services.

**Mr Bisson:** Just for the record, let's clarify two things: There was a restructuring of the hospitals in Timmins, which was South Porcupine and the old St Mary's, which became the Timmins and District.

**Hon Mr Wilson:** That's right.

**Mr Bisson:** You're talking about the restructuring that is now going on —

**Hon Mr Wilson:** In Cochrane.

**Mr Bisson:** — which started when we were in government, around the Cochrane district.

**Hon Mr Wilson:** Right. I'm sorry.

**Mr Bisson:** The hospitals in Matheson, Iroquois Falls, Cochrane and Smooth Rock Falls are now starting to share administration with one administrator. That process started under us. Don't get the two mixed up.

**Hon Mr Wilson:** Okay, I appreciate that. What was your question?

**Mr Bisson:** What I am getting at is that I listened to some of the government members doing their round. They have some concerns about not having the opportunity to be involved as they would like to be in regard to the restructuring. I don't think anybody here is arguing — the Liberal Party, the New Democrats or the Conservatives — that there does not need to be some kind of change when it comes to how our hospitals are run. That's a given. But it seems to me that the process we went through in Sudbury and Thunder Bay — if there's such a backlash up north on the part of the public,

it is because it was almost as if that commission sort of did things on its own. It was based on some work that the district health councils and hospitals did, but by and large they were shut out. I don't see how that is going to be a strong result at the end when you don't have people at the grass roots being involved.

**Hon Mr Wilson:** We do. I said in the House last week that MPPs have more freedom to go and lobby the commission than I do. I'd be putting undue influence. I would encourage the Queensway question to go to the commission, for example. Why don't you write the commission and say what your thoughts are right now? They're a very open body in that sense and they are working on plans that were developed by local communities.

Don't we always hear this in the old-style politics, that people weren't consulted? This has been going on for years. The entire time I've been in health care — five years as critic, 14 months as minister, whatever we're at — I can tell you the district health councils were studying this stuff. It preceded me. When I first became critic, I had to go around the district health councils to catch up on the studies they were doing at that time.

Millions and millions of dollars have been spent. We've only quantified the money spent on studies during your term, which was \$26 million, just on DHCs, plus the thousands of hours of volunteer time that there's no price on at all. That's just the consultants, the \$26 million and the extra money that went in. There's been a great deal of consultation. At the end of the day, it's time for decisions in a number of areas. Other than updating data, probably most arguments have been made. But even then, the commission set out a process where it allows a period of comment after it's made interim decisions or announcements in case it still gets it wrong after years and years of research that's gone into these things.

1720

**Mr Bisson:** All I'm suggesting — and instead of doing it in the form of a question I'll do it in the form of a comment — is that we all agree that restructuring is going to happen. That's not the argument here, because I've gone through it and most other members who have been around for a while have gone through it. The only thing I am suggesting to you is that there's no process that's perfect, but the best one I've seen yet is when you're involved at the community level, when citizens of the community, the district health council, the hospitals, all of them are involved in a process in order to, in the end, end up with a restructuring that has some buy-in in the part of the community. I'm suggesting to you that what happened in Sudbury and what happened in Thunder Bay is not viewed in that way. I'm just saying to you that I think that's one of the weaknesses.

I have to check this out, but I'm getting from patients within the Timmins system who need to be referred into Sudbury some comments that the physicians are telling them they're worried to refer people down there in the event of what's going on in the restructuring of the hospitals in Sudbury. If physicians in Timmins are not understanding what happened — you know what I mean to say? — it tells me that there is a problem down there. That's all I am suggesting.

Anyway, moving on, on the question of nursing homes or long-term care facilities, were there regulations that were changed with regard to how many nurses they have to have within the institutions etc? There used to be regulations. I forget exactly what the regulations were, but if you operated a long-term-care facility, based on the amount of care that was needed, you needed to have a certain level of service. I wonder if somebody here can speak to that.

**Hon Mr Wilson:** There wasn't really. There was an artificial regulation put in when your government brought in levels-of-care funding. You artificially said 2.25, and everyone admits that was artificial and arbitrary. It was a slough to the unions. You did, and I got letters all over the place saying this. You put in a 2.25-hour nursing guarantee, whether or not the patient needed the 2.25 hours worth of nursing. It didn't make any sense. Everyone was saying to us, "This is crazy." It was just put in there as part of a social contract tradeoff. It's in the social contract part with nursing homes.

There was an artificial level put in there. We've moved to what you told us. This is not personal, but when I was sitting where you are, and Elinor here too, when we went through Bill 101, the Long-Term Care Act, back in 1991 or 1992, we were told you were moving to levels-of-care funding. Lip-service, yes; we didn't have true levels-of-care funding. You red-circled a bunch of the 500 homes. You brought in this artificial thing because of the social contract, and Mrs Jones with a particular need in my riding was getting less than a Mrs Jones with the same need in another riding, getting fewer dollars per day for her care. It didn't make any sense.

We've moved to level-of-care where the nurses in the nursing home down the street go in on an annual basis and assess the patients of the other nursing home. So there's no conflict, they switch staffs to go in and do the assessments. The funding today is based on the true care needs of the people, based on a classification system. It's working very well, but we had to get rid of some of these artificial things that were in to actually move towards true levels-of-care funding.

**Mr Bisson:** Tell me why, then, administrators in nursing homes in the north were somewhat concerned about the reduction in standards.

**Hon Mr Wilson:** The standards are still there. We're moving to outcomes. Guaranteeing something out front and never measuring it at the other end — for instance, in dietary needs, we're having discussions now with the nursing homes. I spoke to OANHSS yesterday; I was their guest speaker at the Royal York. They're the association of non-profit homes, which looks after homes for the aged and that. We're moving towards outcomes. Why don't we survey the residents and their loved ones to see if they're happy with the services, rather than have six manuals up front? Our red tape commission is looking at this. It makes people feel comfortable, I'm sure, when you're just reading the manuals in a theoretical way. We don't do enough surveys of the actual residents in the home. We're moving towards outcomes, which is, are the meals warm and nutritious and tasty? Why don't we actually ask residents that more often than simply having manuals, that don't look like they're providing warm,

nutritious, tasty meals to me. The standards aren't slipping.

**Mr Bisson:** Just hang on a second. There have to be standards that are set in regard to what level of care needs to be provided within long-term-care facilities. Your characterization about how that worked leaves a little to be desired. I'm not going to get into it, but the end result is that when I go into a long-term-care facility today in my riding, I'm getting a heck of a lot more complaints about the level of care in those nursing homes than I've ever gotten before. Explain that.

**Hon Mr Wilson:** With the equity formula 370 homes — the actual figures are on Hansard, but I think it was about 370 homes — of the 500 got more money when we redistributed, because they were historically underfunded. You're hearing from about the 130 homes that are getting less money; they were red-circled at one time. The standards are the same. I can't help it. There are like 500 deals out there, depending on who your MPP was, and congratulations if you got your homes more money over the years.

**Mr Bisson:** We didn't.

**Hon Mr Wilson:** But we're moving to the patients. What are the actual needs? People shouldn't be disadvantaged because of where they live. Coming from the north, you've always made that argument. I, who live in the shadow of Metro, am disadvantaged, because I don't get any special grants from Metro council and I'm not in northern Ontario. Simcoe county was historically underfunded, all of the homes in my county. It's not the reason we made the decision. The decision was made by your government; we just implemented the legislation which you failed to proclaim and implement. We live in the shadow of Metro and I didn't even have half these services people are talking about — no special grants or anything.

We recognize extra expenses and transportation in the north; that's covered under other parts of the budget. Where there is a northern factor there, there's a distance factor, there's a cost factor. But when it comes to the level of nursing care and the bathing care and the type of care those people should get, they're entitled to that regardless of where they live in the province. That is the policy today. The standards are probably easier to measure across the province because we have equity across the province now, or over the next three years we'll have equity across the province.

**Mr Bisson:** It's coming to the end of my time. Let me just say the standards were in place long before you ever came along as minister.

**Mr Terence H. Young (Halton Centre):** Minister, I'd like to talk to you about funding for long-term-care services, the \$170 million of high-priority programs and services in relatively underserved areas. As you know, I represent Halton Centre, and Halton is underserved for long-term care. As a matter of fact, in bed ratio per population, we're the lowest in the province.

The people at Oakville-Trafalgar Memorial Hospital have put together what I think is a very exciting proposal. It's a whole new paradigm for caring for people in their own homes. I find it exciting for a number of reasons. One is that in many cases it's best for a senior citizen or



the frail elderly or a person who's disabled to stay in their own home. They can be with their bird, dog or cat, their neighbours, their friends and their own environment. It's better for their mental and physical health. As well, there are the advantages of having neighbours and relatives be part of taking care of them. It's helpful too to have people around them.

There's a model out of Rochester, New York, called PAICE, which is program for all-inclusive care for the elderly. Oakville-Trafalgar has submitted a proposal, I believe, to your ministry; I don't know if you've seen it yet. The savings that are available in the program in taking care of these people in the community is basically on bricks and mortar, because people can stay in their own homes. There is a central place, a community care centre, that the people can come to during the day. It gives them a place for social activity, to talk to their peers, to be around people, which is so important for mental health. I saw a videotape from a place in California — they have an operation in California as well — and in one case the person had made such good friends and felt it was such an important part of their life that they came there and were actually on a bed and actually died in the care centre, but they were around their friends, which was very, very important to them, rather than in a hospital room where they might have been isolated.

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Another thing that makes the program exciting, as I say, is the savings. They have been able to save 5% to 30% in caring for a group of people in their own homes. What happens is you'll have perhaps 100 patients and there would be a doctor, one or two nurses, physiotherapists, community care workers, and they manage the health care of those people as a team. It's from beginning to end. It's funded separately, and that funding funds everything those people need. If they need cataract surgery or assistive devices, it funds everything. So it allows local management of resources as well.

Oakville-Trafalgar hospital, instead of complaining and sitting around whining, has brought forward this program, this proposal, and I'm very anxious that they get an opportunity to provide it as a pilot project for the province.

My concern is that when you look through the definitions that are currently available in the ministry, it doesn't fit within any specific definition. For instance, the definition here for long-term care talks about providing visiting health and support services, so it fits that. It talks about nursing therapies, homemaking services etc; it fits that. But what it doesn't fit is, "can best be met in a long-term-care facility." It fits a number of the criteria under residential services and a number of the criteria under community-based services.

My concern is that they get an opportunity to pilot this program, that funding be made available to pilot the program, and that they don't get an answer back six months from now or three months from now that, "We're still thinking about it, but it doesn't quite fit within any of our definitions." This is an exciting program as a pilot for the whole province and there is a real need in Halton. So all the reasons are there. I'm just concerned that it gets bogged down in the paperwork.

I wondered if you have any positive words to say about that. You can comment where they might get funding, from what part of this budget.

**Hon Mr Wilson:** You make an excellent point. I'll just back up a bit. Hospitals have for some time now been sending out teams of nurses into the homes because they realize they don't need the person sitting in a \$400- or \$500-per-day bed. Oakville-Trafalgar, it sounds like — there are a number of terms for it. It's an integrated system; it's a multidisciplinary team going out and providing the services.

I think I can give you some hope on the horizon. You know the government has committed that we hope to have up and running, under the leadership of Dr Wendy Graham, primary care reform where one of the models is a multidisciplinary team much like you're describing that's responsible for what I call pre-cradle-to-grave services — because there's also pregnancy counselling and nutrition counselling, prenatal counselling — based on a rostered population. One of the models will be multi-disciplinary: physicians, nurse practitioners, midwives etc. The other one that the steering committee looking at primary care reform is hoping to set up is more of a group practice physician model, more of the traditional group practice, but trying to get doctors' overheads down, get them to share resources and look after patients.

I haven't personally read the Oakville-Trafalgar hospital one, but I will. We don't want to discourage it. It's exactly the direction we're moving. It's exactly this discussion at health ministers' meetings that prompted us to come out of those meetings and say, "You've got to change the Canada Health Act." Those services, even if provided by a hospital in the community, as soon as they leave the hospital bricks and mortar, are no longer insured services. So it's a very difficult thing. We've been trying to convince the federal government that this is where the services are going, whether we want the laws to catch up or not.

Having said that about the federal act, we need to change our provincial acts too. The Public Hospitals Act doesn't recognize a lot of the services. The Health Insurance Act doesn't recognize a lot of the services.

I think in fairness to Oakville-Trafalgar, though, two things. One is that the ministry is restructuring itself to better respond to these things. We have our own silos over there, and you're right. Right now there isn't even really — the deputy will kill me, but there really isn't even a review team to look at those. I'm not telling Oakville-Trafalgar anything they haven't already told you.

So we're trying to reform the ministry and get it into the groove on where health care is going also. Right now nine district health councils have apparently — I learned this actually when I was at the district health councils' annual meeting in London two weeks ago on a Saturday and spoke to the whole slew of them. Nine different district health councils have presented us with integrated delivery system models. One of them I was looking at, we had in June 1995, and the ministry just doesn't have the team together yet.

So we went outside and we have Dr Wendy Graham, who was with the OMA and is still with the OMA, leading the primary care team. It's multidisciplinary in terms of all the discussions it's been having. We hope we'll get out the door by Christmas with two pilot projects, and we'll want to consider more. Particularly, we don't want to do what some other provinces did, and that is they did primary care reform and they kind of left doctors out of it. We want to make sure that if we're going to roster a population, it includes health care providers.

You mentioned assistive devices and drugs and everything. At some point we could move to a system, and I agree with you we'd have to pilot it first, where local people do have more control over the dollars. You could start that process by shadow billing, as it were, not actually give them the dollars but see how they would be spent, do scenarios, which a number of the hospitals are proposing.

Again, Oakville-Trafalgar would be an excellent example. By the way, I was out there — I guess we were out there — a few months ago and were extremely impressed with their computer system. We saw on those large-screen computer screens live X-rays — well, live as they get — from Sunnybrook. The patient was at Sunnybrook and his ribs were showing up in Oakville-Trafalgar.

Again, the health information act — the privacy commissioner keeps telling me these things aren't happening. They're happening every day, whether we as legislators catch up or not, patient records going across phone lines every day. You're in the phone business; you know it better than I.

I will undertake to get back to you, though, with a written comment on Oakville-Trafalgar. Please take back to them, though — they already know — that the ministry is changing and we're trying to make sure we're in a better position in a few months' time to respond to what's really happening in the field. Hospital restructuring, if I may say, is already happening whether or not we had a commission and whether or not we had announced a savings target, because people are coming to the conclusion that they can't deliver the same level of services and hang on to the old administrative structures. Hospitals are breaking down walls and moving into the community, and we need to make sure we recognize that and encourage it.

**Mr E.J. Douglas Rollins (Quinte):** Mr Minister, one of the concerns we have in our area is our ambulances, because outside of Metro and the bigger centres, in rural Ontario we transport a lot of people from our area in Belleville to either Kingston or Toronto or Ottawa for some different facilities. They tell me that 60% of the time that they spend in ambulances they're transporting people who do not really require a full-fledged ambulance. Is there any consideration given to some privatization, to allowing private individuals to transport these people back and forth who don't require the expertise of having those kind of people in there? Can we implement anything like that? There again, it would just save some dollars for us.

**Hon Mr Wilson:** Mr Rollins, it's an excellent idea. The whole area of community transportation is under review and I think the deputy is very much a part of those discussions, so I'll ask Margaret Mottershead to comment on this.

**Ms Mottershead:** The community transportation review is being launched under the auspices of the Ministry of Transportation. It is looking at all modes of community transportation. That includes the kind of non-emergency transfers that you've just mentioned; it includes busing between schools for students; it includes taxis for people with disabilities in terms of their ability to get around. It's actually asking the question, if we looked at one system in order to transport people — it doesn't necessarily have to be an ambulance — what is the most cost-efficient way of doing it?

There will be some pilots that are going to be launched in the very near future, and I think one close to your own area, if my recollection is correct. The government is actually contemplating currently what to do about bringing a little bit more clarity in terms of medical and urgent transportation versus non-emergency transportation.

1740

**Mr Rollins:** Thank you. I think it's something where we can have a win situation on this, that we can probably save ourselves some dollars and put some more dollars back into a different situation.

**Mr Kells:** Mr Chair, is it my understanding, or did I hear correctly, that we're going to try and get the chair of the restructuring commission in for tomorrow?

**The Chair:** We're going write to him and request him to come in on Tuesday of next week.

**Mr Kells:** Okay, good. I don't know how much time we have but I'd just like to relate to the minister a little story which affects what I call the rigidity in the ministry. I won't drag it out too long except that a lady came to see me on a Friday, on a rainy day, dog in hand, who is terribly sick with a number of things cancer-related. She was unable to get her drugs without the \$100 situation, which she couldn't afford. She's on a very fine line, because although she lived with her husband, he was alcoholic and he wouldn't grant her a separation and she couldn't afford to live out and he wouldn't even talk to her. So she's trapped in this environment and she has a very serious problem and she's obviously in an emotional state.

So I start out phoning your emergency line in Kingston at roughly, say, 10:30 on a Friday. Although I did talk to the tape a number of times, within three quarters of an hour I did get a response from a stand-in, and I might say the stand-in was very good, but she couldn't find down in the ministry anybody who would deal with this policy because the policy was so rigid. She wasn't able to find anybody who would give me any decision or give me any hope or anything at all. At the same time, simultaneously, I did call your office and went through the usual, again, tape system, till I finally got somebody — again, they were kind — but who could not make a decision. So I had these two things going on parallel and the little lady's getting tired of being there, so we put her back on the streetcar.



I had to get a little angry with your people in Kingston, but they finally got me somebody in the legal department. I explained the situation and the chap said to me that in effect, whether she could not prove she was legally separated — and of course her income itself was way under the amount — she was legally separated even though she lived there and she lived with him. In effect, under the eyes of the law she was not married, or she was separated. So I told her to fill the form out and tick "separated" and get on with it, which made her very happy.

She phoned a couple of days later and said that was all well and good but somebody from your office had followed it right down and phoned her and told her she indeed couldn't do that and not to do it. I don't know what the moral of the story is. I just think the rigidity is something — there's got to be some kind of final area where you can go to get a judgement in the case of these situations that are unique. I'm sure every riding must have a unique one. In all due respect, I told her to tick it "separated" and if anybody gives her any trouble to call me. I'd like to be able to say I talked to you, so if they call me I'll say that you said it's okay.

**Mrs Elinor Caplan (Oriole):** There's no appeal process that I know of.

**Hon Mr Wilson:** There's the Health Services Appeal Board for anything you don't like in health care. Mr Kells, I'm somewhat confused. Was her income below \$16,000 as an individual?

**Mr Kells:** Yes. She was living on about \$11,000, some help from her daughter, and she's living in a house with —

**Hon Mr Wilson:** But because she was married, we took into account, as all programs do, GIS, OAS, CPP. We modeled it after every other government program, and that's all different stripes. So they probably said, "You look like you're married so you have to take your husband's income into account." That bumped her up to the higher \$100 bracket. If she's not married and she is legally separated, then we'll bump her back down.

**Mr Kells:** Finally, after pushing it through your system, if you will, on the civil service side, that's the answer I got.

**Hon Mr Wilson:** But she'd have the same problem with the Gains, the GIS. Why would it suddenly come up with the \$2 or \$6 or \$11 copayment? What you want to ask her is, "How are you treated by Revenue Canada for all other purposes?" The Ministry of Health shouldn't be

the arbitrator of Revenue Canada's decision whether you're single or separated or divorced or whatever.

**Mr Kells:** Regardless of what you've just said, the problem she brought to me was a problem involving your ministry and it's not for me to beat her up on anything else. I'm just telling you what happened. I'm just saying if the rigidity's in there, fine, but half of your ministry, I thought — I'm giving them credit even though it was a long day — did find and I got an answer. I'm rather surprised that somehow it got bounced back into the political sphere and then she got a call that scared the life out of her. That's all I'm saying.

**Hon Mr Wilson:** I'd be happy to trace the whole thing and find out. Every call's got a log on it. I could find out exactly what happened. It just sounds like it's not your usual call.

**Mr Kells:** I'm not worried about picking on the individuals. I'm just wondering, is there that much rigidity?

**Hon Mr Wilson:** My first question, if she'd come into my office as an MPP, would be, "How does Revenue Canada treat you normally?" Maybe the Ministry of Health has it wrong.

**Mr Kells:** I'm from the other generation. I don't think that fast.

**Hon Mr Wilson:** No, but you know that for every program —

**Mr Kells:** That's always your answer.

**Hon Mr Wilson:** GIS, OAS, any other program she might qualify for is exactly the same as our program, so that would be the first thing to ask.

**Mr Kells:** All I can say is, good work. You're an excellent MPP.

**Hon Mr Wilson:** Because I was a constituency assistant for six years and sat there trying to figure out whether or not they were married or not married or what category they should be in for OAS, GIS, Gains and everything else.

**Mr Kells:** Maybe my feelings get ahead of my brains. Sorry about that.

**Hon Mr Wilson:** No, you did the right thing, but — I don't know. In the future we'll try and do better.

**The Chair:** We just have about two more minutes before we conclude for the day, unless we want to call it quits now. It's fine with me. What about the members? We have about three and a half hours left. We can adjourn until tomorrow.

*The committee adjourned at 1747.*











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Mr Frank	Sheehan (Lincoln PC)
*Mr Wayne	Wettlaufer (Kitchener PC)

*\*In attendance / présents*

#### **Substitutions present / Membres remplaçants présents:**

Mr Terence H.	Young (Halton Centre PC) for Mr Clement
Mrs Elinor	Caplan (Oriole L) for Mr Cordiano
Mr Bill	Vankoughnet (Frontenac-Addington Ind) for Mrs Ross
Mr Douglas B.	Ford (Etobicoke-Humber PC) for Mr Sheehan

#### **Also taking part / Autres participants et participantes:**

Mr David S. Cooke (Windsor-Riverside ND)

**Clerk / Greffier:** Mr Todd Decker

**Staff / Personnel:** Mr Steve Poelking, research officer, Legislative Research Service

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**Assemblée législative  
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Première session, 36<sup>e</sup> législature

# **Official Report of Debates (Hansard)**

**Wednesday 9 October 1996**

# **Journal des débats (Hansard)**

**Mercredi 9 octobre 1996**

**Standing committee on  
estimates**

**Comité permanent des  
budgets des dépenses**

**Ministry of Health**

**Ministère de la Santé**

Chair: Alvin Curling  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON  
ESTIMATES

Wednesday 9 October 1996

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Mercredi 9 octobre 1996

*The committee met at 1547 in committee room 2.*

## MINISTRY OF HEALTH

**The Chair (Alvin Curling):** We will resume the estimates of the Ministry of Health. We have three hours and 34 minutes to go, somewhere around there. Mr Kells has raised a point.

**Mr Morley Kells (Etobicoke-Lakeshore):** At the end of yesterday's proceedings, I had raised a situation in my riding where a woman had trouble, in her estimation, getting properly identified on the Ontario drug plan. I tried to document the story and I tried to explain that as much as I appreciated the work done by the civil service in trying to reach a solution, I was somewhat surprised about a follow-up call from the minister's office. All I was really trying to do was suggest that maybe the minister's office and possibly the minister himself could be somewhat more flexible about the rulings in this case.

The minister took it upon himself to suggest that I was somewhat derelict in my duty in not understanding how to question people when they come through the door and answer their questions straight out, which I thought evaded what I was trying to get at.

As a matter of fact, I went back to the file. I'd like to have this read into Hansard, because I found it a bit disturbing. The lady did send me a letter ahead of time, and in the letter she said, basically:

"This is my situation: My husband and I share separate quarters at the above address. I have a small bedroom on the main floor and a living room and separate sink/toilet in the basement.

"On my income tax return I put that I am single (I also receive GST). My net income was \$9,822 for 1995. I have no idea what my husband's net income is, only that it is far more than mine, and he shows himself as married on his IT return."

I could go on and restate her problems, but basically, I just wanted to read it into the record. My staff and I are not necessarily derelict in our duty. We do try to find out exactly what the situation is, and I think it's rather unfair to have the lecture that I received yesterday from the minister.

**Hon Jim Wilson (Minister of Health):** I never said that.

**The Chair:** It's not a point of order, Mr Kells.

**Mr Kells:** Well, I wanted to get it into the record.

**Hon Mr Wilson:** Review Hansard. It'll show that's not what happened. You're the one who said at the end, "Oh, I guess you're a better MPP than I am." I never suggested that, Morley. I read the Hansard.

**Mr Kells:** I'm glad you read it. The point is, I didn't need a lecture from you. I was trying to —

**Hon Mr Wilson:** I was trying to make a constructive suggestion. I'm sorry you took it that way.

**The Chair:** When we completed our rotation yesterday, we were about to come to the Liberals. Ms Papatello, we're doing 20-minute rotations.

**Mrs Sandra Papatello (Windsor-Sandwich):** I have some specific questions for the minister regarding information you released to the press following question period yesterday where you indicated you were opening up a clinic in Windsor.

Specifically, you told the press, and it did appear in the CP wire story, that you have contracted obstetricians, midwives etc. Your assistant James also said that the clinic could be ready within 30 to 60 days. The story that appeared in the Globe also indicated that you have contracted a team of midwives, nurse-practitioners; that they've all been contracted to staff a clinic in at least one Windsor hospital.

I'm looking at a release that the hospital was forced to put out today in which they indicate that the plan is in its initial stages and no staff have been contracted at this date. They also indicate that they are looking to you, and that in your discussions yesterday they included an integrated maternal health program, which is a far cry from an immediate crisis-resolving type of clinic where you would drop in an obstetrician, as you suggested to the press yesterday.

With these discrepancies, could you please tell me what exactly you have done? Have you contracted staff or have you not contracted staff? Will it be open in 30 days or won't it?

**Hon Mr Wilson:** I'd remind you that in the press release that your own community put out today, they remind the public that it's their suggestion to the Ministry of Health that they brought forward. We had been working with your community for a long time trying to find a long-term solution. I did not say to the media yesterday that we had contracted. I said they were discussing. That was the object of the meeting. I think the scrum was at about 3 o'clock, just as the meeting was occurring. I didn't even notify the media that there was your hospitals here. They knew that. I simply conveyed that these were discussions.

Now my understanding is that your hospitals, the three involved, are going back and talking to the community, and the doctors themselves are actually having a meeting this Saturday to discuss providing services to your constituents.

**Mrs Papatello:** Will we have that clinic in 30 days? As your assistant James has said that the clinic could be ready to take patients within 30 to 60 days, will that be the case?



**Hon Mr Wilson:** The proposal, as I understand it, from the hospitals is that they could be ready in 30 to 60 days. That's what they told us.

**Mrs Papatello:** What level of salary are you prepared to offer to the obstetrician that you're prepared to find to bring to our community?

**Hon Mr Wilson:** Again, we've asked your hospitals to come back with a detailed funding plan.

**Mrs Papatello:** Have you authorized the envelope of funds, and what is the level of that funding for this project?

**Hon Mr Wilson:** No. We've only approved your local community's idea in principle at this point.

**Mrs Papatello:** How quickly are you prepared to come back with an answer in terms of how much money you're prepared to spend, and where is the money coming from? Is it out of the \$3.8 billion in terms of the cap for doctors' fees, or is it a new fund that you're prepared to spend for this clinic?

**Hon Mr Wilson:** There will be new funds. I'm prepared to give approval to it as soon as they come back and we agree on the financing.

**Mrs Papatello:** As per your discussions yesterday, you confirmed with our people in Windsor that it is new money you are bringing into our community for obstetricians, outside of the doctors' fees that you've confirmed to leave at \$3.8 billion. It won't be coming from anyone else's fees or any other group of doctors' fees. This is specifically new funding for this particular model?

**Hon Mr Wilson:** As with all alternative payment plans, the physician, if it's an Ontario physician, and the family obstetrician and the family doctors who would be recruited by your local hospitals to work in the clinic or clinics, there would be a conversion from fee for service to an alternative payment plan. Usually, in any conversions done by the previous government, for example — 10% of Ontario's doctors are already on alternative payment plans. That's what attracted new physicians to your area, and that's the 21 communities in the north where we've announced alternative payment plans. The previous government signed alternative payment plans with Queen's University and I've signed with psychiatrists at Children's Hospital of Eastern Ontario. All the Sick Kids' doctors are on alternative payment plans. It brings income stability and predictability to their lives.

So we'd see some conversion, probably, of those fee-for-service dollars and perhaps other enhancements as part of the alternative payment plan contract. Certainly the hospitals themselves are indicating that they're willing to put some money forward in terms of having some of their obstetrical nurses perhaps do shifts in the clinic.

**Mrs Papatello:** Can you tell me what you are currently paying obstetricians who are on alternative plans in underserved areas that are being designated as such?

**Hon Mr Wilson:** I'd have to find out. There are very few obstetricians on alternative payment plans, and although there are 72 health service organizations in the province where the doctors are all on salaries, some of them are —

**Mrs Papatello:** Can you arrange to get us that information?

**Hon Mr Wilson:** Yes. If there's an obstetrician on APP, within the confines of confidentiality guidelines, we'll —

**Mrs Papatello:** "We have a person who's an obstetrician who's willing to work in this clinic," Wilson said." Could you tell me where that person might be coming from? Is it from outside of province?

**Hon Mr Wilson:** The hospitals didn't indicate a problem there. They said they would do the recruiting. There's a meeting this afternoon, I understand, with the hospitals and the medical society in Windsor-Essex to discuss this matter.

**Mrs Papatello:** So you have not found this person, then.

**Hon Mr Wilson:** No. I didn't indicate that we had, or I certainly didn't mean to indicate we had. The whole meeting was — we were hearing the proposal for the first time.

**Mrs Lyn McLeod (Fort William):** I understand that you have undertaken to get back to the committee with information as to the current salary levels being paid to physicians in underserved areas.

**Hon Mr Wilson:** Yes, those would all be within ranges.

By the way, I'd remind the member for Windsor-Sandwich that you've had a chronic problem with obstetrical services even before any threat of strike action. Second, the age of your obstetricians is between 55 and 65, and normally obstetricians stop doing deliveries near that point in their career, so whatever happens, we have to come up with a long-term solution.

**Mrs McLeod:** I asked for clarification from the minister that we will get that information because the whole question of the way in which alternative payment plans are being provided in underserved areas is causing some other issues to arise.

I have a number of other questions in other areas; some may be requests for information, if you don't have it available today. One is in relationship to the acute care operating budget, which I think is vote/item 1502, if you're going by that. I'm not going to make specific reference to numbers in the estimate book, Minister, so you don't need to worry about looking; rather, in terms of your planned expenditures in acute care, how you're basing the actual operating funding given to hospitals.

You've indicated that in the restructuring process, there is a target for reduction of beds that would take hospitals down to essentially — I think the figure is about 585 patient-days per thousand that's been applicable in Thunder Bay, or close to that. You made reference yesterday in the House that there was a target that you believed 25% of hospitals in the province had already achieved. What I would appreciate receiving, and I think it should be public, is a complete list of all hospitals that are in fact achieving that target rate of bed utilization, and the nature of their referral patterns, to the extent that that's available. I don't expect you to have it today, but I would appreciate it.

The second area I want to ask a question on is the long-term care area, specifically the basis for long-term care funding and the way in which it's being allocated. It's a bit of a complicated question. I want to start with

the fact that the long-term care branch of the ministry last spring put out information that put out very clearly that the basis for funding for long-term-care beds was going to be the RUG 3 data. It's been made equally clear to me by the commission members, both verbally and in writing, that there is not confidence in the RUG 3 data and that they are not going to use that, necessarily, as a guide to their decision-making.

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They also acknowledge that they do not have an alternative methodology to determine what the long-term-care funding will be, and of course in terms of restructuring, a direct relationship to the chronic care bed requirements.

Minister, given the obvious contradiction between your long-term care branch and their methodology and what they say funding is based on and your commission's restructuring and their indication that they have no methodology, exactly how are long-term-care beds going to be funded in the coming budget year?

**Hon Mr Wilson:** I'll take the question on notice and get back to you. I didn't know there was a discrepancy in the commission's funding. Are we talking about the true long-term-care beds in nursing homes and homes for the aged? The commission has no option in that. The provincial funding is set. Or is it the new transitional beds?

**Mrs McLeod:** No, specifically in terms of the restructuring, it's decisions the commission is making about chronic care beds. If I may, Minister, it's been made quite clear by your commissioners that as they reduce chronic care beds, in some cases by as much as 50%, they expect the long-term-care facilities to pick up the current chronic care patients. This, they say, is part of an integrated system of management.

It breaks down because they have no basis for a methodology for determining either the number of chronic care beds that a community is likely to need or the number of long-term-care beds. In turn, I would suggest there's no basis for funding either X numbers of chronic care beds or X numbers of long-term-care beds.

My question really is, how are you going to make those decisions? How are you going to make the decisions about numbers of beds that are needed and therefore dollar allocations to communities? This is where I find it a complicated question. We know that you have flat-lined the funding for institutional long-term care. At least it was our understanding from your announcement, when you indicated there was some \$170 million going into community-based care, that it would not be done at the expense of institutional long-term care, but because you had to act on the equity issue and fund nursing homes on the same formula as you would fund homes for the aged, we could expect to see a reduction in funding for homes for the aged.

What is difficult to understand is why we're seeing most nursing homes, as well as homes for the aged, receive reductions in their funding. I'm looking for some explanation of the way the specific bed funding is being carried out. It appears that there has been a significant reduction in the base funding, as a starting point. I know that the intention is to increase that in two different stages. My question is, how many nursing homes and

homes for the aged will even get back to the base they started from when you flat-lined the funding?

**Hon Mr Wilson:** Approximately 500 homes; 390 homes will receive more funding under the levels-of-care funding scheme, and as we apply the new equity formula over the next three years, about 110 homes. We have the exact figures, including every home in the province, if you'd like us to table that. It was tabled at the time of my announcement so that people could compare.

We have 110 homes that will lose some funding. As you know, Mrs McLeod, the funding is done with the levels-of-care funding system, which I think generally is a pretty good system. Nurses from one home go in and assess the other home, so you don't do your own assessment, and it's done on an annual basis or on a needs basis when new clients come in. For the first time we are going to see people funded based on — I think it's a principle that all parties agreed with when we voted for Bill 101. We all voted for levels-of-care funding. Mrs Caplan and I and Barbara Sullivan sat through those hearings on behalf of our parties.

**Mrs McLeod:** Wasn't it part of the methodology, providing for that?

**Hon Mr Wilson:** Yes.

**Mrs McLeod:** So there would be some concern that calculations for funding of beds are not being based on averages.

**Hon Mr Wilson:** Bed calculations — as I said to the committee yesterday, we are doing a survey of 56,000 beds now. Do we need more? It's not a hard question to answer in terms of our needing a better distribution of beds in the province. There are some overbedded areas and some severely underbedded areas. But we want to find out before the end of this year whether we need a net increase in beds in the province. I'll have to ask the deputy, I think, to talk about chronic care. I agree with you that it's in a bit of a transition right now and there are several schools of thought about funding of chronic care beds.

**Mrs McLeod:** There's just a final question, if I may. What I understand is that as chronic care beds are reduced and as you examine whether there is a need for more long-term-care beds or potentially the same number and fewer long-term-care beds, if your flat-lining of the budget for long-term institutional care — if that continues to be allocated — is based on funding existing numbers of beds, as you reduce the numbers of chronic care beds, will we see a corresponding decrease in the total long-term-care budget? Are you integrating those budgets? Are you flat-lining the entire budget for institutional long-term care, whether it's chronic or in the long-term-care institution? As for chronic care patients, will they have to suffer just to have their funding flow into the long-term-care institutional setting?

**Hon Mr Wilson:** On the long-term-care beds, when we've completed the survey and we find we need more beds we'll have to put more funding in that envelope, and that's part of the restructuring. Right now, you're right, we've flat-lined or we've kept constant the envelope while we do the equity funding, which all parties agreed to in principle; it's just that the previous government got bogged down with some union issues and didn't actually



apply levels-of-care funding and bring fairness across the system.

On chronic care and the transition from chronic care beds to long-term-care beds, I'd appreciate it if you'd give the deputy an opportunity to comment on that.

**Ms Margaret Mottershead:** I just want to confirm that the budget, in terms of the transfer from chronic to long-term care, will mean an increase in long-term care, both in bed capacity and the corresponding budget. In some of the conversions we're undergoing right now we've given those organizations, like St Marys in St Marys, Ontario, the Perley and other places, an opportunity to convert from high chronic care costs, including per diems and levels of care, to a stepping down. We've agreed to about a five-year transitional plan where you have existing chronic care being converted to long-term care, so the patients move, the budgets move and we'll be increasing the capacity in long-term care. That is part of the plan.

**Mrs McLeod:** So we'll be able to see a flat-lining, because right now we don't see chronic care and long-term care separated. It's going to be difficult to track the flat-lining of the two budgets.

**Ms Mottershead:** What you'll see in the hospital vote, with the conversion to long-term care, is that because chronic hospitals are in the hospital vote, that vote will start to come down and the vote for long-term-care facilities will start to come up as the budget transfers with the patient movement.

**Mrs Elinor Caplan (Oriole):** I've had a request from a constituent who has an outstanding case before the Health Services Appeal Board. It's not the case itself that I'm questioning, it's the time line. The case has been before the board for a year, and we made representation on the basis of how long it takes. The information we've received is that in the last year you've had over a 1000% increase in the numbers of cases before the Health Services Appeal Board, there have been no additional resources put to solving consumer complaints, to people who are making those cases, and a year is average that people have to wait before a complaint to the Health Services Appeal Board is resolved. I wonder if that's acceptable to you and what you're going to do about it. It's not acceptable to me.

**Hon Mr Wilson:** We're certainly aware of comments to that effect from some members of the Health Services Appeal Board, but I think it would be best if I asked the deputy to comment on that.

**Ms Mottershead:** Yes, there was a tremendous increase in the caseload of the appeal board as a result of changes that were made to eligibility for health insurance, as one example, dealing with the question of students and the three-month waiting period for new entrants and so on. So their workload in fact did go up. There has been a tremendous effort by staff to —

**Mrs Caplan:** I think that's important, but you're saying that you're denying somebody access to insurance and it's taking a year before you can resolve their appeal?

**Ms Mottershead:** That's not the case. I think what's happened over the last three or four months is that we've had a tremendous effort and drive to address that. As a matter of fact, I actually directed that an audit be done of

exactly how the work was being handled at the appeal board in terms of case management because we were concerned about the case management abilities and staff and the board in dealing with that kind of backlog. I have the findings of that report, and we're acting on it right now. We will definitely be in a position to implement the changes right away.

**1610**

**Mr David S. Cooke (Windsor-Riverside):** I just have a few questions. I want to follow up on the issue that the member for Windsor-Sandwich was raising.

First, from what I understand at this point of the idea of a prenatal clinic, it is a great idea. I think there's been considerable confusion because the way it was talked about yesterday linked it to the problem you're having with doctors and what I'll call the strike, the work withdrawal. As I understand it, the meeting with doctors that you're describing that's occurring back in Windsor this afternoon is not a planned meeting. There are a lot of folks scrambling right now, back home, to get this thing back on track because of the way it's been reported. Everybody is scrambling. We all got calls today so that we understood what the confusion was and how it had been reported. Doctors are quite upset, thinking that this is part of a strategy to undermine their negotiations and all the rest of it.

What I would like to do is give you an opportunity, between yourself and the deputy, to first of all answer a question for me. This has nothing, as I understand it, to do with the dispute between doctors and the government at this point. This is a proposal that has come forward from the community, from the hospitals, that is a long-term solution to some of the access problems and some of the resourcing for pregnant women and prenatal services.

**Hon Mr Wilson:** Mr Cooke, you're correct in terms of your being the member for the area and you would know better than I. But I think the timing of yesterday's meeting did get the backs up of some of the doctors, and I understand that, because there are negotiations going on. Certainly we got it from both sides. We got the OMA calling us, saying, "Jeez, what are you doing talking to the Windsor doctors without going through us?" and the Windsor doctors saying, "What are you doing, bringing in scabs or something?" and we said, "No, no."

The integrated delivery system that your district health council has presented to our ministry, which we haven't responded to yet — we've got nine of these coming in from nine different district health councils, and I understand from reading the local media that meetings are still going on in selling that whole concept to your community — part of it is this clinic. The age of your obstetricians requires that we come up with a long-term solution, so a long time ago the doors of my ministry were flung open and we were asking for solutions. They came forward, and the timing perhaps is a bit unfortunate, given the doctors' wanting to make sure we understand their frustrations down there over in Windsor-Essex.

That's the best I can tell you. At the end of the day, though, we're trying to work with your community, all of us together, to try and make sure that patients have services.

**Mr Cooke:** The budget question, obviously, will be determined by what specific proposal comes forward, but the question was raised earlier about staffing. Where you will get midwives and obstetricians, whether it's for a clinic or whether it's services that are provided in the traditional way of fee for service, it still doesn't necessarily answer the question of who, because we're not having a lot of individuals go through medical school and then go through specialization to become obstetricians. We still have a problem in that we don't have any midwives in Windsor-Essex, so I guess the advantage of the clinic is that there can be a multidisciplinary approach to providing the service.

When you were asked the question about a doctor there was some confusion again. There's no resourcing that the ministry has arranged at this point, I take it. This is a concept and all the details, including whether there are going to be any midwives or OBs, is all up in the air because none of that has been answered.

**Hon Mr Wilson:** In my understanding of the meeting, what your community asked for was approval in principle, which they received, and they will go out and they're confident they will find the required physicians and other —

**Mr Cooke:** Why would they be confident?

**Hon Mr Wilson:** I don't know why they're confident other than — I asked that question. I think the attraction is, why are 17 communities now willing to be in primary care, which is salaried APP physicians? Because they're just tired of the clawback or recovery, they're tired of the unpredictability that's gone on over at least two governments, about three governments now, and 52% or so of our graduates now are women coming out of medical school and they want pregnancy leave, they want the pension, they want the family benefits they can't get as an independent fee-for-service physician. So more and more —

**Mr Cooke:** But we're not producing OBs in medical schools.

**Hon Mr Wilson:** It's a resource problem that, in that particular specialty, is not unique to Ontario. But also, and I've said this to the OBs, they're to do difficult births; some of them are doing volumes beyond difficult births. If we can get them in a more comfortable setting with their salary, if that's what they choose — and again there's no gun to anyone's head, but there may be an obstetrician in this province who would like to go Windsor, work on an alternative payment plan, with all the benefits, and really do what he or she is specialized to do, and that's the difficult births. They can get out of the 2 o'clock in the morning normal delivery business, which midwives, if we can attract them to your area — and we are graduating more midwives as per your government's program that you got up and running — and other health care providers like family practitioners in the clinic could help out with and share the load.

The attractiveness, in my opinion, might not only be the predictability of income and stability of life, but also to do what they're trained to do and not do all the normal births and that which they do now.

**Mr Cooke:** Now that we're clear that the clinic idea is the long-term solution, that still brings me back to the

fear that families, and in particular pregnant women, have in our community right now about the dispute that's taking place between the government and the doctors and the refusal to take new patients by the existing OBs in our community. It really is getting to the point where some of the folks I talked to this morning were saying that we've got people who are genuinely frightened about what might happen because they're not hooked up to a doctor. If anything happened, or even if there should be some work done to diagnose whether there is a problem, they don't have an OB.

I remember your saying very clearly in the spring when these questions were raised, I think by my colleague from Oriole and by my colleague from Nickel Belt, who was our critic at the time, you saying time and time again, "I have a contingency plan." Well, here we are in October and I'd like to be able to go back to my community this weekend and say, "Here is the contingency plan." The only thing I've heard so far from you is, "If a problem develops and it's a crisis, you can go to Detroit." That's not a solution when a woman is pregnant and needs to be hooked up with an OB.

**Hon Mr Wilson:** When it was indicated to us that all of the obstetricians in your area were not taking on new patients, we asked the College of Physicians and Surgeons to investigate that, and they did that the very day we asked, just a couple of weeks ago. They found that some of the obstetricians are still taking patients, regardless of what they might be telling the public.

Second, keep in mind that this thing tends to get blown out of proportion province-wide — and I don't blame anyone. OHA surveys their hospitals regularly — weekly for sure, if not more — and only 40 of the 219 are expecting any service disruptions in a worst-case scenario. So we very much believe that we will never use our contingency plans, that we have very serious negotiations going on with the doctors. I think we'll make good progress there.

1620

**Mr Cooke:** I don't know what the College of Physicians and Surgeons said to you about doctors in Windsor-Essex, OBs, taking new patients, but I can tell you what people I've talked to in the system as late as this morning said. One of the executive directors of one of the two hospital administrations we have said this is a problem, that they are dealing with women who are frightened because they can't find an OB who will take them.

If you're saying that 50% of them in our community are still taking patients, then at the very least there should be something put in place where there is a referral mechanism at the local level, because it's not working and we can't wait for the negotiations to settle. It might or might not happen. We've been waiting since the spring.

**Hon Mr Wilson:** I agree. The bottom line is that this government will do everything it can to ensure that patients receive the services they need, and that stands —

**Mr Cooke:** I'm sorry. I think you have a further obligation to say — it's not good enough to say you're going to do everything you can.

**Hon Mr Wilson:** We are right now.



**Mr Cooke:** If you're telling me that the college is saying in our community 50% of the obstetricians are taking patients — I thought you said that. Did I hear the number wrong? I'm sorry. What did you say then?

**Mrs Pupatello:** He said "most."

**Hon Mr Wilson:** I said "some."

**Mr Cooke:** Whether it's 10%, 20%, 50%, whatever the number is, I think you have an obligation as the ministry. It's not to try your best. We have a principle in this country and in this province that people have access to health care. This is a universal system. This is not a "We'll try our best" system; this is a universal system. You've got to move in there and you've got to at least have some mechanism for putting together patients who are in need — I don't like using the word "patients" — pregnant women who are in need with doctors, OBs, who are taking referrals. You can't wait. You've got to do that now.

**Hon Mr Wilson:** We are doing that. We're finding OBs for most of the patients and we have about three or four patients probably —

**Mr Cooke:** How is that happening? Because this is not what the CEO of the local hospital told me this morning.

**Hon Mr Wilson:** As you know, all CEOs of the base hospitals in our contingency plan have been notified as of several Fridays ago. They can ask for prior approvals to go to other provinces or to the United States.

**Mr Cooke:** That's great. On a Friday afternoon a woman's supposed to fly to Manitoba —

**Hon Mr Wilson:** We've only had one of those so far. If there are 68 patients who are in absolute crisis, then why isn't your CEO phoning me and asking me for 68 prior approvals?

**Mr Cooke:** I'm not talking about a crisis. I don't pretend at all to be an expert in this particular field, but we're not talking about a crisis. We're talking about pregnant women who need to have diagnosis and ongoing monitoring to make sure that there's not going to be a crisis and to be hooked up with an OB.

Now you told me just a few minutes ago there are OBs who are taking referrals. I want to know what the process is, how you are facilitating the matching of women who are in need with the OBs who are taking referrals, and would you at least —

**Hon Mr Wilson:** But you don't like my answer. The college is still matching people up.

**Mr Cooke:** But how? How is that happening?

**Hon Mr Wilson:** They're keeping a list of those who are still providing services. I mean, half of the obstetricians and gynaecologists in the province are still providing services. Baby deliveries are exempt, as you know, from the threshold, so that doesn't affect their incomes.

**Mr Cooke:** Since the ministry asked the college to take a look at the situation in Essex county, could you supply to us as local members or to the media the list of doctors, OBs, who are taking new patients? Because we get the calls and I don't have a list. In fact this is the first — everybody I've talked to back home is saying it's a crisis, including CEOs of hospitals. Now I've been informed by somebody that's 240 miles away that it's not. Then let us have the list of doctors so that we can

tell women who are needing services, "Here's a list of doctors you can go to in our community."

**Hon Mr Wilson:** I didn't say it wasn't very serious. You're debating whether to use the word "crisis." I'd say when we have worried people, it is a crisis. They've got other things to worry about during their pregnancy than availability of medical services. So I'm treating it as a crisis — and your doctors don't like it when I say that, by the way; they feel I'm inflaming things. But I treat it very seriously. If patients have been referred and gone through the CPSO and at the end of the day there's still no match with an obstetrician, we're asking them to tell us that and we'll give prior approval to get services elsewhere if that's what we have to do until we get through these negotiations.

**Mr Cooke:** Wouldn't it make sense, since Windsor-Essex is one of the communities that has been in this situation for a longer period of time and is probably experiencing the tightening of this sanction greater than most areas of the community —

**Hon Mr Wilson:** What sanction?

**Mr Cooke:** The sanction by the doctors. Wouldn't it make sense that the ministry send somebody down to the community or arrange with one of the offices that exist there and say, "Here's the phone number to call, and we'll match up OBs with patients"? Doesn't that make sense, instead of calling the College of Physicians and Surgeons 240 miles away?

**Hon Mr Wilson:** The deputy will tell you all the people she's been sending down to do exactly that.

**Ms Mottershead:** Let me just go back to the CPSO investigation which, to give them credit, they responded within two hours of my letter to them to go and investigate the Windsor situation. The individual was down there within 24 hours.

**Mr Cooke:** This was after you had asked the federal government to get involved. Sorry.

**Hon Mr Wilson:** No, that's my side of the business.

**Ms Mottershead:** The report — and I don't have it and the ministry doesn't have it yet — which they do have, they interviewed every single obstetrician. They asked the question, "Have you refused to provide care to those in need?" as in a situation presenting itself where they had to use their specialist qualifications. This is not your obstetrician providing primary care. I think we have to make the distinction, which they clearly did in their review of the situation, that if it was for primary care purposes, regular prenatal care, you do not need an obstetrician. But when you get to a stage where the services of a specialist are required, their survey of all of the obstetricians indicated that they had not refused care. That was the situation they found, and we haven't finished having that discussion with them.

At the same time, or even before that, probably two weeks before the CPSO review, we did send down a couple of people to have a discussion about immediately implementing an alternative payment plan which would actually provide some predictability, stability, to the situation. There were meetings with the hospitals, there was a meeting with the medical society, and those discussions continue. They do want us to participate in an alternative payment plan. The difficulty at the moment is

that they want to try and find a solution with us, but we're caught up with the emotion and then the negotiations.

**Mr Cooke:** Deputy, we've got a provincial office building in Windsor. Why does the Ministry of Health not indicate publicly that there's a telephone and there's a Ministry of Health representative for women who are having difficulty being matched up with an OB during this particularly difficult time? Why do we always have to get on the phone and call some organization in Toronto when the crisis is in Windsor? It's not in Toronto. That doesn't seem so difficult. I know your FTEs have been cut back; they were by our government too. But there's probably somebody who can do it for a few weeks, and they can check out the casino at night. Why not try to get a solution and show that you're proactive instead of this other arrangement?

**Ms Mottershead:** We do have some regional medical consultants placed around the province. We don't think we need a medical consultant to do that kind of referral in every single location. There is one in London for southwestern Ontario. The medical consultant will actually determine whether or not we're at a stage with a particular patient, their inability to access care, to make the determination as to where they go next and to try and find them that immediate care and make the matchup. It's not Windsor, but we do have London.

1630

**Mr Cooke:** Who knows about it?

**Hon Mr Wilson:** There was a notice —

**Mr Cooke:** Why not take that person from London and ask them to go 120 miles up the 401 where the problem is right now and see if they can provide service in our community?

**Mr Toby Barrett (Norfolk):** Minister Wilson, rural communities in Ontario such as the communities that I represent know only too well the struggle to maintain accessible health care with limited physicians in certain parts of Ontario. However, I want to mention that Port Rowan, a community that you designated underserved, has now found a doctor to serve the community and, as we speak, the Port Rowan medical centre is hosting an open house this afternoon to welcome Dr Long to the community. Your support was greatly appreciated in that effort. I think the task at hand now is to continue to try and ensure that there are no more Port Rowans across the province.

The second point I want to make with respect to rural health care, and this relates to my question, is it's my understanding that it's not feasible for some doctors in rural communities to cover emergency rooms on a simple fee-for-service basis. Locally there's been a problem with respect to the hospital in Tillsonburg. I know in the past West Haldimand hospital in Hagersville has had an issue with this and was able to solve it by other means. Also in the past there have been problems associated with keeping rural and northern emergency rooms open during certain times of the year. My question is, what have you done to alleviate this problem and what are you doing to ensure that emergency rooms can be kept open in rural areas?

**Hon Mr Wilson:** Mr Barrett, I very much appreciate your comments and would also extend my welcome to Dr

Long, and please do that on behalf of the government and the ministry. It's nice to hear some positive news once in a while.

**Mr Cooke:** Where's Morley?

**Hon Mr Wilson:** Good question, when I find him.

As you know, when we came to office about 67 or so small, rural and northern emergency rooms were — some of them had closed, or certainly reduced their hours, and many others were threatening to close. So we introduced, based on Graham Scott's report, which had come in just about the time we came to office — and he talked about a \$70-an-hour emergency on-call fee. I'm happy to say today about 70 communities of the 76 that qualified for that — again it's small, rural and northern hospitals. Generally you could say the criterion is if you're the only show in the area. If you're close to another emergency room, you may or may not qualify, but if you're a small rural hospital and there's nothing within a certain radius, then you certainly qualified for this program.

Interestingly enough, while about 70 communities took us up on it — my own in Alliston, for example, Stevenson Memorial Hospital, qualified. They were quick, though — within a day — to come back and say they added up all their fee-for-service billings at their emergency room day and night and it averaged out to more than \$70 an hour per doctor, so they turned it down.

**Mr Barrett:** I might interject that also with Tillsonburg general hospital physicians seemed to present the same concern and for that reason did not pick up on the offer. I'm still not clear why this would occur.

**Hon Mr Wilson:** We should find out why, I guess, in terms of — some of them, when the \$70 was decided on, and that really came out of Graham Scott's report under the previous government. He had gone around and really did a lot of interviews with rural and northern doctors and came up with a very good report. We were able to implement one of the recommendations last year. It's brought some stability to those emergency rooms. They're open today.

Now, in other parts of the province, it's been very much ad hoc in the past and it's something we're certainly talking to the Ontario Medical Association and the Ontario Hospital Association about. Local hospitals have also done top-ups or various arrangements to the fee for service just to have doctors cover the emergency room.

We have our program, which has had excellent takeup, and hospitals have their various programs. What we've said at the end of the day is, if we get into a real crisis, part of our contingency plan is to fund some more money through hospitals so they can directly contract with their local doctors and then there'd be reciprocal responsibilities. You don't just get the money and then may or may not cover emergency. You get the money and it's tied to a contract that you've signed. Hospitals have been doing that with their top-up money in terms of making sure that doctors and hospitals and boards understand what privileges mean and understand that with privileges of hospital admitting and other things, there's a responsibility to do your share in emergency and other services.

**Mr Tony Clement (Brampton South):** Thank you, Minister, for being here today. I wanted to illustrate my query with a particular situation that involves my city, the



city of Brampton. As you know, Minister, the city of Brampton has a population of 274,000, which will be close to 300,000, I believe, next year. We have one hospital for that city of 300,000. As we know, because of growth factors and what have you, certainly some of the services have reached what could be considered the upper threshold of what is feasible in terms of delivery of services to patients in Brampton.

Having said that, I agree with you that new bricks and mortar are not necessarily the solution, that we as a community as well as a province have to find new solutions that are much more community-based. That's why I was intrigued by your comments to this committee on October 2, which painted at least the broad brush strokes of something which seemed to make sense to me. You called it integrated health care. It is similar to the phraseology, as I think you mentioned, of the Ontario Nurses' Association. I think we're all sort of coming at the same conclusions perhaps at the same time.

My city of Brampton is seeking to meet that challenge of integrated health care through the establishment of what is called the Chinguacousy Health Centre, which is based upon lands that had been purchased a long time ago. Most recently, the region of Peel has contributed \$3.5 million to the establishment of the Chinguacousy Health Centre.

What is exciting about this, as a preface to my question, is that the Chinguacousy Health Centre overview or concept would be for an integrated health centre where we would be integrating primary care access with what is called priority care. I believe that the priority care aspect of the Chinguacousy Health Centre would be to alleviate some of the pressures on the emergency department at Peel Memorial Hospital. So you've got this wonderful combination of the primary care, meeting the goals of primary care, but also meeting the goals of priority care in the city of Brampton. They're going ahead. They've reached agreement with the Peel Memorial Hospital in terms of making sure that there is an independent board and yet there is not overarching bureaucracy that would duplicate the administration of Peel Memorial Hospital. There are going to be a number of different ancillary services — labs and X-rays and so on — and they are now formalizing the proposal to the district health council, which would be financing either through a global budget or alternatively through the regular fee for service. But they're quite keen at looking at different ways of financing it through systems of rostering or what have you. So they are grappling with some of the challenges that are ahead for us and I would commend their bold experiments to you as they move forward.

The one issue that came up that I wanted to draw your attention and your reaction to, when I spoke with the movers and shakers on the Chinguacousy Health Centre, was that they have had no problem selling this idea of integrated health care to your ministry. In fact, they have been I think very gratified by the responses of the administration in your ministry to this idea. Every Ministry of Health branch that they've touched upon with these goals in mind has loved the idea, but the problem is no department takes ownership of actually making the decision as to whether they move forward or whether

there has to be further review. So I've come to the conclusion that although we are pushing for integrated health care out there in the community, perhaps within our own ministry we have not got an integrated approach to the integrated health care. I guess my question to you is, what can we do to get this going so that when communities such as Brampton come to you with some very forward-thinking proposals that meet your goals they can actually get to the stage of promulgating those goals?

**1640**

**Hon Mr Wilson:** It's a very good question and one that I ask myself as minister from time to time. We have nine that I'm aware of that are already through or very close to getting through their district health council process in terms of integrated delivery systems or integrated health care systems — about nine different proposals from around the province where the communities are clearly way ahead of the ministry. They're where our business plan says we should be, so congratulations to them, because the whole business plan is the first business plan the Ministry of Health has ever had in history. So I think we got that right in terms of saying we're moving towards integrated systems, and then we looked around and a lot of communities are already — in fact, this morning I spoke at the St Lawrence Town Hall to the Canadian Association of Health Care Executives, an absolutely massive meeting where their whole day today up until five o'clock is to be spent on integrated health systems. A lot of the management at the Ministry of Health has been going to seminars about what an integrated health system is. There are a lot of different models out there.

Our first attempt, as I said yesterday, just to begin integration is to start with primary care reform and try and get a couple of models out before Christmas and work with primary care and then hopefully expand it into a more integrated system, as you talked about: labs and hospitals and all kinds of things.

You're right. The deputy and I really aren't at much liberty today to talk about it because we're just having discussions with senior management at the ministry, but we are going to restructure our ministry fairly dramatically. The senior management team was told that today, so it's no surprise to them any more. We have far too many silos and people do have to approach us in different phone numbers and different offices and different departments. We fully admit that we don't always talk to each other, that really because of the pyramid structure of the parliamentary system itself and of government, in my opinion there are really only about two people out of 11,000 or so who actually see the whole picture, and that's the deputy and the minister, because everybody reports up. We need to change that; we need to get into modern management, whether it's flat-line management or whatever. There are a number of different models being suggested that we're reviewing right now, and this government's committed to making those changes.

I think you'll see a dramatically different Ministry of Health a year from now — I know you will — and really focus on customer service so that people don't have to flip through the phone book to try to give us their good ideas, that they can go in and talk to — my preference

would be, for example, to be able to go in and talk to one senior manager who has a good grasp of what's going on in the entire spectrum of health care. It's a lot to ask people to do, but we know it's possible. There are some good people over there who, with some retraining — I think there are some real possibilities. We'll also, of course, be looking for other people too.

You used to say, when you worked in government, especially when I was an assistant — because the public doesn't know whether you're an assistant on a political staff or whether you're a bureaucrat. I used to go to cocktail parties, and I never told anyone what I did. "I work for the government." We want people in five years' time to say, "I work for the government," and people to say, "Well, you must be the best; that's why you're still there," or "That's why you were recruited." I think that's Rita Burak's goal; we want people to be proud of working for this government and working in public service, as was the British tradition for many, many years.

So we'll be better able to respond, and I do apologize to your community who, frankly, are ahead of us with respect to integrated systems. It sounds like it, anyway.

**Mr Clement:** Just as a quick follow-up to that, I don't want to jump the gun in terms of what your thoughts are on this, but could one of the methods we could employ within government to deal with these sorts of situations where there's a lot of experimentation out there, good, positive experimentation that we have, through our words and deeds, promoted — is there a possibility of having some sort of internal Ministry of Health task force that is multidisciplinary that would be able to foster and encourage the experiments that are going on out there that are going to get us to the new health care system that is patient-oriented and integrated? Would some sort of intraministerial cross-disciplinary task force help the situation?

**Hon Mr Wilson:** If you don't mind, Mr Clement, I'll ask the deputy minister because I know she's given a lot of personal thought, not only to the restructuring, but to how we can better respond to these innovative proposals that are coming forward. Your idea of a task force or something is something we've been bantering around ourselves.

**Ms Mottershead:** I believe credit has to be given to a number of people and politicians going back a few years in contemplating what was then called a comprehensive health organization. We have a team of individuals in the ministry that is looking at those things and we have a pilot — it was called a comprehensive health organization but we're now calling it an integrated health delivery system — in north Algoma, for example, where the hospital, the long-term-care facility and public health have already come together to deal with the population they have in an integrated way. By April 1997 we will have the physician, the primary care piece — because we are in discussions with them on how on we want them into the comprehensive system. Probably a few months after that we will be looking at how to connect that particular system to the rest of the province, because clearly specialists' services aren't all going to be available in north Algoma, and therefore you need the ability to refer some of the population out and make sure that they have a connection and that someone's going to pick up their specialized care or their tertiary care.

We are working through a number of models already and there is a team in place. Where we're going as a ministry is to try and have more than just one team but actually change the culture of the organization and the work ethic so that all of our people in the ministry have that kind of thinking, foster that, and create accountability mechanisms that flow from one thing to another and standards that are set that are transferrable. We now have standards around hospital care, a different set of standards around long-term care and different rules around primary care. We want to make sure that we get into a system of accountability, financing, capitation and so on that is consistent and fluid, where the patient comes first and that, where that patient needs it and where they're moving in the system, the money moves with them, the accountabilities move with them, and the whole thing. That's our hope and that's our design.

What we have, fortunately, is a community, both of providers and the public, which has actually come to grips with understanding that they need treatment teams, they need a multidisciplinary approach to care because it's becoming so complex. They're out there now, having a full understanding, promoting it. I think it's quite a good marriage in terms of time, because the community now has become mature, both providers and the public, and the ministry is now in a position, over the next couple of months, to respond in a very positive way to make it happen.

**Mrs McLeod:** In addressing one area, the capital budgets for institutional health, the figure shown in the estimates is \$167-million-plus. I want to know, first of all, how that figure was derived. On what basis did you determine that you would need \$167,277,800? They're pre-determinations of the capital allocations that are going to be made prior to the restructuring commission's recommendations being made to the minister. That's the first question.

The second question is, in any decisions you've made about allocations that would have given you the \$167 million as your base figure for next year, was that based on the assumption of 50% funding or was it based on some assumption of 75% funding? When was the decision made and why was the decision made to go from 75% to 50% funding of capital?

The last part of the question would be, assuming that you have some basis for having decided to increase the budget by that amount, and only by that amount, can we get some indication of how far you see the \$167 million stretching as the restructuring commission proceeds?

1650

**Hon Mr Wilson:** The deputy minister's been in discussions with other deputy ministers, like Finance and Management Board, about this very issue because, as I said yesterday, capital is a very difficult part of the restructuring. There's no doubt about it. The commission is, I think quite correctly, making some pretty large demands on the capital side of the ledger, but we do have a plan and we are trying to find the dollars through some good planning, which I'll ask the deputy, if you don't mind, to explain.

**Mrs McLeod:** Before the deputy begins, obviously you recognize that I have some concerns related to my



own riding in posing the question. One of my concerns is recognizing that the capital dollars that have actually been allocated for the restructuring — you may debate this and I'd love to have an opportunity to give you the details of it — are not adequate to carry out more than a renovation of one quarter of the floor space of the building that is to be used as the single acute care facility in Thunder Bay, and that's a statement in writing from the commission. One wonders why the advice to you in terms of providing capital dollars would not have been adequate to deal with the total needs. That's the first question.

The second question then is, why is the community now expected to raise \$45 million to shut down its hospital and be left with a clearly inadequate physical facility?

I put those questions in terms of a local riding on the table, but it leads naturally to the question of, if there is a plan and the plan resulted in a very specific figure of \$167 million — your commission is out there and will continue to be out there making recommendations for restructuring that have significant capital costs. They can only advise you on the capital costs. I don't know how you can ever plan for capital or even be able to make an estimate of capital before you know what your commission is going to advise you. Maybe you'd respond to that.

The final part of it would be, are you looking at something beyond in-year funding for capital costs to address recommendations from the commission?

**Hon Mr Wilson:** I'll take the second-last question, and then ask Margaret Mottershead to comment more fully on our capital plans.

I fully admit that we have a very good idea but not down to the penny in terms of what the capital requirements might be if the commission follows the DHC report. We have all the DHC reports, which the commission also has, and a cursory view of those gives you a ballpark figure of what sort of capital planning we've had to do, and it's quite a few dollars. You're right, I can't predict what the commission is going to do in each community and exactly what it's going to recommend, but for planning purposes we can add up quite a few dollars that may be required. I would ask the deputy to comment on the specifics of how we're approaching this issue.

**Ms Mottershead:** The \$167 million in the capital allocation is simply a cash requirement for this year that has been booked by projects that have already been approved, that have been well under way and are in construction and actually drawing down their cash flow in terms of meeting their construction and tendering obligations. That's the basis for the bulk of it.

In any one year there is an element that is maintained, this part of budgeting, for unforeseeable events. In the Ministry of Health and in hospitals and other facilities you have things that happen — boilers blow up and things — where you need some quick response and also an ability to commit to new situations. But that is a very small element, because what the government wants to do is to pay the bills, and our new accounting system now is such that on the accrual basis we only book cash against what's owed and what's expected in terms of payment.

With respect to restructuring, we are going through a process right now that is trying to anticipate what those requirements might be. We have Thunder Bay. We have Sudbury, an indication there. We're trying to estimate, as best we can, what the requirements will be for the future. An approval to Thunder Bay around its capital requirements doesn't trigger an immediate payment today or perhaps tomorrow, because there's a whole process of capital planning that starts to get engaged right away. That requires architectural drawings; that is, what is the functional program going to be in the hospital? We match up the services that are going to be delivered in that particular hospital with the space requirements. One has to go through that whole process.

We have enough money to deal with the planning that will be required, at least from now until the end of the fiscal year, until we get into another budget cycle. I'm pretty confident that the government is going to come through with the capital requirement because it is so critical for restructuring.

**Mrs McLeod:** Given that level of confidence, and I hope it's well founded, could you explain to me why with the first advice tendered to you by the commission, which was funding at a 75% level, two days later the ministry made a decision to reduce the capital funding to 50%?

**Ms Mottershead:** I think that's an unfair assessment of the situation.

**Mrs McLeod:** It's factual, though.

**Ms Mottershead:** I wrote to hospital administrators and I mentioned to the OHA, the JPCC and anyone else I ran into the fact that for this fiscal year we were certainly looking at changes in the coming formula to give government, and indeed the taxpayers who are footing the bill for capital expenditures, an opportunity to spread that resource to as many places and as many projects as possible. That change did happen before the Thunder Bay announcements were made. I know that I've communicated that.

**Mrs McLeod:** So the change to 50% was based on your understanding that your capital allocations would be limited. You were not considering at this point allocating any of the operating savings anticipated from restructuring to the capital needs that would be required to carry out that restructuring. So to allow taxpayers' dollars to be spread more thinly, you're prepared to tax local communities that have been forced by your law into restructuring.

**Ms Mottershead:** Quite clearly, the Ministry of Health was a little bit out of sync with what's happening in the capital and cost sharing formulas in many other services and programs, and one of the reasons was to bring that into line with most of the other programs across government. We were clearly out of sync, and that has been a long tradition. That was one factor.

The other thing I think the member certainly understands is that when a government makes its allocation decisions it isn't one tradeoff against another. Money that is saved is pooled. Once you pool you actually think about the priorities and look at your reinvestments and create those opportunities. It isn't a one-for-one tradeoff.

**Mrs McLeod:** I'll leave this at this point in deference to my colleagues, but I have to tell you that to suggest that you're out of sync with other ministries doesn't hold

up against the fact that this is the only ministry and the only situation in which by law you are forcing restructuring on communities and then saying to communities, "Regardless of your wealth, regardless of your assessment, regardless of anything else, you are to raise 50% of the cost of a restructuring that by law we are forcing on you." Any thought that there might be any equity in that, I'd suggest to you, is completely false.

**Mrs Pupatello:** If I could carry on the discussion with the minister regarding our contingency plan that you've been speaking of for months, could you tell me then what is the contingency plan, given that we've all agreed on what has been happening in consultation with hospitals as of last week when you called them and asked them for a proposal to help? We understand that this is a longer-term solution. We understand that this integrated development plan for maternal health is something that has been in the works for some time, it's a great idea whose time has come etc. We know, though, that this is a long-term solution. We still don't have anything for the immediate crisis we're facing. Could you tell me what contingency plan you have for our immediate needs?

**Hon Mr Wilson:** So you now think the clinic's a good idea, even though you put out a press release today totally crapping on it?

**Mrs Pupatello:** Absolutely not. In fact, that plan has been on paper since the 1980s.

**Hon Mr Wilson:** I'll just read you your press release.

**Mrs Pupatello:** The whole concept of CHOs has been around since the 1900s. The whole concept of integrated delivery systems is appropriate. What I'm suggesting is that what was out of sync was your announcement to the reporters yesterday, which was very premature, because what was taken from your comments was that we were going to have something in 30 days, which was quoted by your staff, and so the people on our list believe that in 30 days they're going to have somewhere to go in our community. That's what they were led to believe based on comments from the press. That's the difficulty here.

1700

I would never say that an integrated model's not a good idea, because that's where you have to be in the future. Our concern has always been from the beginning that we have an immediate crisis in our community that you have to help us with. What is your contingency plan for our immediate crisis? You suggested going over to the United States. How we're going to go through the process of getting them there — we need to have pre-approvals, for example. If that's your contingency plan, just so I know there isn't anything else available to them, we'll keep trying to work with this pre-approval plan, which at this point I'm having some trouble with.

When you suggested you only have one that so far has come through, it's because all of the referrals that are required to get the application forms. The process requires referrals by family doctors, for example; in some cases they didn't have that. We were able to find an OB for one woman in London who wasn't prepared to sign the forms that OHIP required to do the approvals for the American hospital. If that's your contingency plan, and it is solely that, then I'd like to get into some specifics about guaranteeing the approvals for these women so that we can get over the hurdles.

We've developed in our constituency office a three-page plan for all of the calls. We have all of the contacts for your OHIP office out of Kingston. We've been working very closely with that office and it is trying to be helpful, but we're coming over obstacles. The timing is critical and we can't get them resolved in the time frame for the cases we have. One woman has cardiomyopathy. Her OB will not allow her to do the drive to London, so the London OB wasn't an option. Another woman is due in February; she's in her third trimester. We've got to get her to an OB now. Another woman is bleeding and we've got to get her to a hospital. The OB who saw her there once told her he wouldn't see her again — that's in Windsor — and now she's filling out these forms which —

**Hon Mr Wilson:** Be careful. You can't refuse patients.

**Mrs Pupatello:** Listen, this is coming from the women, and these women are frightened. I'm telling you that if you've got reports that OBs are taking them, then clearly we need to get these women to them, or directly to a hospital. I have another woman who's growing tumours. She had to cancel her appointment at Henry Ford in the States because we couldn't get her through the approvals system in time for that appointment, so we've rescheduled for when she will have the approvals.

Understand that when you made your comments yesterday it was taken by the press that you were resolving this instantly, or at least within 30 to 60 days. If that was the case, somebody would be having a party in my town.

**Hon Mr Wilson:** I'm not going to sit around and wait for some timetable; I'm going to resolve this as soon as your community comes back. There are going to be no hold-ups on our side.

**Mrs Pupatello:** Actually, James, who's your staff, said —

**Hon Mr Wilson:** Yes, it may be 30 days, it may be 15 days. Maybe we could do it tomorrow. The plan has been around long enough.

**Mrs Pupatello:** Therefore, the details you've just gone through with the hospitals are a longer-term solution than this immediate crisis with these women whom we can't get through the system that you're allowing us. Could you please tell me what I do with these women? I need something very specific that I can do with these particular cases, all of whom have contacted the ministry, all of whom have contacted the college of surgeons, all of whom have gone through the list of OBs that was given to them by the college, which was directed by the ministry. I really need to have some answers. They're very specific.

**Ms Mottershead:** Have you referred the names to us?

**Mrs Pupatello:** All of them have called you directly.

**Hon Mr Wilson:** After you accused me of misleading the House yesterday, I checked with our general manager during that exchange, who was watching it on television. We don't have 68 names of women from Windsor. The general manager of OHIP is the one in prior approvals. Given that everybody's on crisis alert over there, she would have those names. Mary Catherine Lindberg is a highly respected 30-year bureaucrat who doesn't lie. I want the names of women who aren't able — I don't



want them, but the ministry needs them; the minister doesn't need to know the names of patients unless the patients want me to know. Mary Catherine Lindberg is the assistant deputy minister. She's also the general manager of OHIP. We want to be helpful, is the way I'll put it.

I've explained the contingency plans the best I can. Perhaps the deputy could explain the base hospital system we have. Your press release says, "Minister Throws Gasoline on Fire Already Out of Control." To keep talking about contingency plans across the province and that sort of thing, we have to be careful, because only 40 of our 219 hospitals are expecting problems. I admit your area is a problem area; and I respect your going to bat for them; you're doing a good job there. But let's not blow this out of proportion, because every time we say something the doctors get angry.

**Mrs Pupatello:** That's exactly right.

**Hon Mr Wilson:** But I didn't say anything yesterday to the media or anything that I didn't think your community already knew, given it was your community's proposal. I was stuck in the middle of trying to explain. You were accusing me of no action and I said: "Hold on. They're here right now having a meeting with the ministry on a local solution."

**Mrs Pupatello:** That's what you said in the House. What you said to the reporters and the press that appeared on the CP wire from you and your staff was a different story.

**Hon Mr Wilson:** Right. I told them what I knew at the time.

**Mrs Pupatello:** Today you've clarified for the record that you didn't intend for them to get the impression that this was an immediate resolution to the issue. You did earlier in discussions today tell me that now you realize this is not going to help me immediately. That's why I'm leading you to the question that I need some immediate redress.

It's been difficult for the women to say yes and let me use their names publicly, so we did have them call specifically. If the ministry staff responding on the phone are simply referring them, then they're not taking the names. We have been taking their names. I'll tell you all of the 68 on my list are not at high risk. I simply selected the five who are top priority today, who are, in my view, critical. I think all of them are critical; these in particular are at risk. I've got the greatest concern for them. Several of them have histories where these pregnancies simply are not going to carry to term and all of us are interested in getting that done immediately.

I believe the deputy mentioned earlier that the regional consultants were not needed to do referrals. If I could show you that in some cases we do need them for referrals, could you make them available to us for these cases, for those referrals?

**Ms Mottershead:** The referral has to come from the physician. Obviously I would hope the majority of them would have a GP who has actually assessed their condition and their requirement, at which point they say, "You need a referral to an obstetrician." If an obstetrician is not available to take that high-risk patient, we want to have two things happen. One is that we need to have the

obstetricians reported. The women who have been turned down by their obstetrician or anyone they've approached should be calling CPSO and reporting that particular individual, because now you have a situation where you've got medical necessity and high risk combined and we have a case. We need to make sure that CPSO has the capacity to deal with individual-specific cases, because obviously it can't deal with the generality.

**Mrs Pupatello:** You've probably been told the same very carefully worded phrase that they are available on a consultative basis for the family physician.

**Hon Mr Wilson:** That's correct.

**Mrs Pupatello:** Patients who are calling and saying, "Will you please take me?" will not see the difference between, "No, I'm not going to deliver your baby," and, "I'm available on a consultative basis for your family physician."

**Ms Mottershead:** But surely the first step, if we really are concerned about women getting care, is to do that first step and to go through the consultation so that the specialist can actually do an assessment at that point in time. That's a very critical point.

**Mrs Pupatello:** Yes, and several have gone past that point.

**Ms Mottershead:** Some have gone past that point and what we need for them to do is that our medical consultant, through the physicians doing the referral, will actually assess the situation. You may know that we've already had to do one referral.

**Mrs Pupatello:** So that regional consultant then would be available? So we can give those names to our family physicians to call the regional consultant, who will do the referral?

**Ms Mottershead:** The medical consultant will be available to answer the questions and to take down the information from the general practitioner to determine whether or not a consult with the obstetricians has taken place, what the situation is in terms of high risk and medical condition and so on. Then, once the physician and our medical consultants have gotten together, a determination will be made as to where the care for that individual will be provided.

**Hon Mr Wilson:** Can I just clarify that all your hospitals and your chiefs of staff and everyone was given — the phone numbers and the pager numbers and the cell phone numbers for our medical consultants were given out at the beginning of this whole thing, probably about three or four Fridays ago. The deputy wrote all the hospitals. Part of the contingency plan is that certain hospitals have taken on the responsibility to be disseminators of information, to be the referral centres. You have a base hospital in Windsor and it has all this information.

1710

**Mrs Pupatello:** Just for clarification, the gasoline on the fire is that as the information comes out and is misinterpreted in my community from what you exactly said, and I wasn't there to hear it, they interpreted that as back-door negotiation, not bargaining in good faith etc, in a very inflammatory environment.

**The Chair:** You have to end there now.

**Mrs Pupatello:** Can I ask you a really quick question? When the restructuring commission is being discussed, why do they keep adding Windsor to the list? You're not going to come to Windsor, are you?

**Hon Mr Wilson:** It's at arm's length.

**Mr Gilles Bisson (Cochrane South):** Minister, always fun to have you back at our committee so we get an opportunity to ask you questions as they relate to, not only health care generally across the province, but more specifically to the ridings we represent. Those are the questions I'd like to ask you.

Just to set this up, the cuts that were made to the hospitals that were announced last year, if I remember correctly, were over a three-year basis. Generally, those cuts were somewhere in the neighbourhood around 6% for the first year for large hospitals — I forget; 5%? Can you explain how that was supposed to work and explain the formula? I am aware that there is a formula that treats hospitals differently. Maybe you can explain that a bit before we get started.

**Hon Mr Wilson:** Yes. For the first time in Ontario's history, savings targets weren't assigned just across the board. The old way of doing it was that if your target was 5% across the province everybody took 5% whether or not they'd been efficient in the past or whether or not they had already taken moves to improve their operations. So the government — not the politicians though; it was the joint planning and policy committee, which is the ongoing committee between the Ministry of Health, and the deputy sits on that committee, and the Ontario Hospital Association — came up with an equity funding formula. The parameters of the formula were 5% as the first-year savings target average across the province. A minimum was set of 2.5%, so the most efficient hospitals would not receive a savings target any greater than 2.5%, and a maximum was set at 8%.

**Mr Bisson:** That was in year 1? It was 6% in year 1, if I remember.

**Hon Mr Wilson:** I don't remember all the details. It's a long time. Six per cent? Those were basically the parameters, the average. Then within those parameters they actually looked for the first time at procedures and outcomes, compared hospitals and said, "We're not going to ask anyone to do anything that someone else isn't already doing." The formula recommended that.

**Mr Bisson:** I understand that part. In year 1 it was a maximum of 6%; year 2 was a minimum of 2.5%.

**Hon Mr Wilson:** It's not 6%. I think 7% or 8% was the maximum.

**Mr Bisson:** Can you have somebody check that out? I'd like to know what it was.

**Ms Mottershead:** Seven per cent.

**Hon Mr Wilson:** Seven per cent was the ceiling.

**Mr Bisson:** Seven per cent for year 1. Year 2 was?

**Hon Mr Wilson:** Year 2 isn't announced yet.

**Ms Mottershead:** Oh, can I clarify that just for a moment? We're getting the funding equity formula mixed up with the actual announcement. The reduction to the global budgets of all hospitals, to the hospital vote, was 5% in the first year, 6% in the second year and 7% in the third year.

**Mr Bisson:** But that was for the voted estimates for the three years.

**Ms Mottershead:** That's for the total operating account of all hospitals in the province.

**Mrs Caplan:** Total it up, add inflation and it's 25% over three years.

**Mr Bisson:** But it was greater depending on the hospital.

**Hon Mr Wilson:** Yes.

**Mr Bisson:** I'm also aware that the government allowed smaller hospitals and northern and rural hospitals somewhat of a break in that regard. I know Anson General, for example, in Iroquois Falls, and Bingham and Matheson received a 2.5% cut in recognition by the ministry that those particular hospitals had fixed costs, that no matter what they tried to do, if they tried to get any higher savings than that, they were really getting into services. We don't like cuts in the first place, but if you're going to get cut, the least amount is always better. That was fairly well received.

The concern is what's going to happen year 2 and year 3, because in year 2 it appears, from discussions I've had with hospital administrators in my area and other people I know in the health care field, it's fairly unsure at this point if you're going to apply that special provision for small and northern hospitals who have high fixed costs who may be in trouble if they've got to go to the full 6%. I'm wondering if you can share with us where you're planning to go this year with those cuts.

**Hon Mr Wilson:** The instruction I've given is that we do the equity formula again. My preference would be, rather than have a separate pool of \$25 million for growth, that we incorporate that in the formula. Again, this will only be coming up to the second fiscal year beginning April 1, 1997.

**Mr Bisson:** You said \$25-billion pool —

**Hon Mr Wilson:** Million. There was a growth fund.

**Mr Bisson:** I was going to say we don't spend that much in the entire health care field.

**Hon Mr Wilson:** Here's the hospital category and the range of savings: all rehab hospitals, 2.5%; chronic hospitals, 2.5% to 5%; specialty paediatric hospitals, 5%; small, rural acute hospitals and all acute hospitals in northern Ontario, 2.5% to 4%, so they were capped at 4%; all other hospitals, 2.5% to 7%. The average was 5%. That's from treasury.

**Mr Bisson:** I understand that. I think there was a recognition, like I said a little while ago, on the part of northern hospitals like Anson General, Bingham and others, that if they were going to get a cut, at least they weren't being severely affected in the sense of having to take the full cut. But I say again, there's a real concern that that's not going to happen next year. The direct question is, can those hospitals expect to get the full 6% cut this upcoming year? Will there be special consideration, as there was last year? That's the question.

**Hon Mr Wilson:** I'll let the deputy, who sits on the JPCC, because we tried honestly, the politicians — we were asked directly last year whether I interfered in this, and I didn't. The hospital association and the ministry staff have been trying to refine the formula for year 2, so perhaps the deputy could comment on that.

**Ms Mottershead:** The work of JPCC is continuing to refine the funding methodology. There is every indication



at this point that we will definitely have a variation in terms of how the target is assigned, not unlike the current year's allocation. We've had a recent request from over 20 northern small hospitals to actually make a presentation to the JPPC — you probably saw the letter — and we're going to receive their representations, I think, because that will just strengthen the argument to continue to have a differential treatment.

**Mr Bisson:** So is the answer yes?

**Ms Mottershead:** The answer is that we're looking at the same approach for next year as we took this year. What I can't verify or confirm at this point, because it's too early, is whether or not the 2.5% is going to continue to be 2.5%, or whether that gets increased a little bit.

**Mr Bisson:** That's the fear.

**Ms Mottershead:** We haven't finalized those discussions.

**Mr Bisson:** The problem with hospitals like that is that last year, if you had gone to the maximum — I think in their case 4% would have been the maximum they would have been cut.

**Ms Mottershead:** Yes, it was.

**Mr Bisson:** This upcoming year it's 6%, and if there's not a floor, for lack of a better term, of trying to keep it down around the 2.5%, what I'm told by the hospitals is that really now they're going to have to start digging into services. In communities like Matheson and Iroquois Falls it's a big problem because there's not a lot of places you can go if you need hospital care in a heck of a hurry.

Do you think you're going to be relatively close to where you were last year, around the floor of 2.5%? Do you see that going higher, or what can I report back to them?

**Hon Mr Wilson:** It is too early. Members have been asking me this in and outside of the Legislature too, and frankly, the JPPC hasn't nailed down the formula. We're aware that it gets tougher and tougher every year for some hospitals. You've got to remember the Ontario Hospital Association fully endorsed the formula. They know there's fat in the system and they weren't defending their members in saying status quo.

**Mr Bisson:** Well —

**Hon Mr Wilson:** No, they weren't. I'll table David Martin's Empire Club speech.

**Mr Bisson:** I've seen it; I've read it.

**Hon Mr Wilson:** As the deputy says, that's why they agreed to 7% for some of their members in the first year, when the average was only 5% because they knew some of these people have not restructured. Some of them have huge overheads.

**Mr Bisson:** So you're telling me that hospital administrators across the province have accepted that there's too much fat in their budgets?

**Hon Mr Wilson:** Yes, very much so.

**Mr Bisson:** So if I were to go to the directors of hospitals, executive directors in places like the Timmins and District Hospital, and if I were to go to Anson General and I were to go to Bingham, which is the same person, he would agree with that comment?

1720

**Hon Mr Wilson:** I think you'll find many CEOs — let's take Metro Toronto where I've had those dis-

cussions — who agree that for years there was no requirement to cooperate with the hospital across the road. There was no requirement to share services. You did your own fund-raising, you hired your own presidents, you had your own board and you jealously guarded everything you had and you lobbied government to get more. Now there is a requirement to share services where they can.

**Mr Bisson:** It's a simple question. You're saying that hospital administrators feel that there's too much fat in the system and that they can afford to take some money out of their budgets and they won't be affected negatively when it comes to service?

**Hon Mr Wilson:** For instance, in the restructuring area of Thunder Bay — the average administration is about 27.5% in the province and we saw administration as high as 49% in that system. There's fat in the system. They admit it. I've not seen any newspaper articles saying there wasn't fat in the system that should come out.

**Mr Bisson:** In working with the hospitals that I've worked at, they certainly worked hard to make themselves more efficient. I think hospitals recognized, even before your government got in, that something needed to be done in order to make sure as many dollars as possible go into front-line services. But I think your comments are a wee bit strong and there would be some argument with that. But I don't want to —

**Hon Mr Wilson:** Sorry, I didn't criticize your hospitals. I don't know the specifics of your hospitals. They may be most efficient. I know 25% of our hospitals are reaching 586 patient-days per 1,000 population and they are very efficient. So I know 25% of our hospitals are leading North America in efficiency. We're trying to get other hospitals near that standard, where we make them more efficient.

**Mr Bisson:** But that's the point I'm getting at.

**Hon Mr Wilson:** We're not asking anybody to do what other hospitals aren't already doing. We're telling CEOs, "Your peer over here seems to run a more efficient shop and still maintain quality and access."

**Mr Bisson:** Here is where I agree with you. I agree with your first comment, that you have to look at hospital reductions from the perspective of what the hospitals are doing and how they're run. I guess what's difficult for some hospitals, for example like the ones in Iroquois Falls and Matheson, is they've already started the process of merging. They are now merging their administrations to the point where they're saving the dollars that the ministry would like to get saved so that they can make sure the dollars stay in the front-line services where they're needed. I guess when they're faced at looking at possibly a 6% reduction in budget next year if there wasn't a base, they're really going to be hurt because they don't have a lot of slack in the system.

I think we've exhausted this line of questioning. Just to finish, should they brace themselves for the 6% reduction this year or could they look forward to some sort of base such as they had last year on the floor? You've indicated there will be some sort of a formula. At this point you're telling me you don't know what that formula is going to be. When it comes to the final result, will it be 2.5%, 2%, 3%? You don't know, is what you're saying, right? It's too premature.

**Hon Mr Wilson:** It's too early to know the formula exactly, yes.

**Mr Bisson:** The last part of this question is, when could they expect to find out the answer to that question?

**Hon Mr Wilson:** I'll ask the deputy to make a comment.

**Ms Mottershead:** In answer to that question, certainly not before Christmas. As part of the JPPC responsibility, we're doing runs on hospitals in terms of verifying a lot of the data. What that means — and I just want to stress this because it is really, really important — is that in those hospitals that have gained efficiencies, those efficiencies will show up when we do the run and that is going to tell us how much more efficient they've become and how much less of a reduction they will take. There is a direct correlation between efficiency levels and the amount of reduction. So we are gathering that information, we're running it through, and that will form the basis of the recommendations to the government.

**Mr Bisson:** I don't want to stay on this any longer because we've already taken 10 minutes, but I just want to make the case for those hospitals. Anson and Sensenbrenner and all of those that you know have been working on this for a number of years. They've gone a long way, and if they've got to see that full 6%, it's going to be services out the door. That's just where they're at.

Just quickly, what I basically did is I called various people in the health care field who work in my riding yesterday and today to have a bit of a chat with them and said, listen, if you had to say something to the minister, what would you have to say? Some of it I can't repeat here because it would be unparliamentary, so I'll try to keep the nicer of the comments.

**Hon Mr Wilson:** I'm probably about as popular as your health ministers were.

**Mr Bisson:** Actually, our health minister was pretty popular.

**Mr Clement:** Where? That's your line, and you're sticking to it.

**Hon Mr Wilson:** I'll admit we probably have equal popularity.

**Mr Bisson:** We had a discussion yesterday about what's happening in the long-term-care field. The reason I asked you the question yesterday around the nurses' issues and ratios and all that — and you answered that yesterday — was that one of the administrators for one of the long-term-care facilities had indicated to me that he was a bit worried that over the longer run, as patient loads increase — because as you know, with changes that we instituted and you've carried on where long-term-care facilities are taking in much sicker patients than they did in the past, who need a lot more care, the workload for those nurses is getting quite high.

In talking to the nurses in some of the long-term-care facilities in my area, the message they bring to you is that at this point they're managing — that's what they want me to tell you — but they're starting to find it extremely difficult. The patients who are coming through the door now are not coming in under their own power; they're coming in because they need long-term-care services in

a big way, many times to the point where you have to utilize lifts to get them into the bed because they're not able to do anything on their own.

The nurses are finding it very difficult, although they're managing at this point, to keep up with the level of care that they want to give the patients. The message they asked me to bring to you is that we need to take a look at that over a little bit of the longer term, because as the level of care increases, we need to get some sort of adjustment on the nursing ratios within those particular floors. They're saying if something doesn't happen over the shorter term of the next year or so, we will be in some of those places, quite frankly, in a bit of a crisis situation.

They're noticing now that the maintenance within those facilities is not as good as it used to be. Again, it's not catastrophic at this point, but they're noticing that the housecleaning and other services are being affected. They want to bring the message to you that they're doing the best they can to meet your targets, but they're starting to find it somewhat difficult to meet the needs of the residents and are asking me to ask you what you plan on doing in order to be able to alleviate some of the stress they're starting to see at this point.

**Hon Mr Wilson:** The long-term care has not been cut. In fact, community-based service is beefed up and there's been a redistribution — as I said, about 390 homes have gained under this program and about 110 haven't. So we have brought in equity based on the actual levels of care in the homes. The annual reviews that are done by the teams of nurses actually try to match the dollars up to the care of the residents, and that's a dramatically different way of doing business. Your government passed the legislation but didn't fully implement levels-of-care funding. You should see an improvement; certainly 390 homes out of almost 500 are seeing an improvement. There's more money available in those homes today.

**Mr Bisson:** What's happening in homes that we red-circled as a government is that they're having to manage within the existing budgets, and in fact their funding has gone down. They went from a per diem of \$124 — which was high, I understand that — at the South Centennial Manor and I think they're down to somewhere at \$110 or \$111. They're starting to find that a difficulty and they're wondering what you're going to offer to take some of that pressure off eventually.

**Hon Mr Wilson:** Our offer is to be resourceful and act as resources. Our long-term-care offices, in particular our team here at Queen's Park, are available to those administrators to help them explore ways to bring costs down, to share information with other homes that are living with \$95-a-day per diems, frankly, and providing top-quality care. My homes in my riding are at about \$95 a day, and I tell you there are waiting lists still for social admissions because people want to live there.

**Mr Bisson:** We have the same.

**Hon Mr Wilson:** Yes. They're still providing very good care. I do take the concerns of your nurses seriously; we can't continue to flat-line forever the long-term care. Right now we're doing the redistribution, and as we make reinvestments over the next few years, our long-term-care facility funding will be looked at.



**Mr Bisson:** So the relief isn't in the short term; it's more in the longer term, is what you're saying.

**Hon Mr Wilson:** Right now I think honestly the best approach with homes that are experiencing an adjustment downward is to work with them and see if there are some efficiencies.

There's also a lot of red tape. Mr Sheehan here has a red tape commission, and Frank could do his whole 20 minutes on what he's found in terms of red tape, things that cost an awful lot of money for those homes in filling out government forms that we hope to get rid of and free up dollars there. We're talking about a business where every penny counts. They adjust their little envelopes by five cents and it makes a world of difference to the level of care they're able to provide in that home. So if we can also cut the red tape and free up dollars that way, that will be good for the system.

1730

**Mr Bisson:** Can I just raise one concern with that? I understand the government's desire to reduce the administrative load. A lot of nurses and a lot of administrators would probably agree with you up to a certain point, but let's not forget why some of those forms were put in there in the first place: to make sure we have accountability in the system.

I get a little nervous when I hear some of the members of the government talk about red tape as if all reporting and all forms are bad. They're not. They're there for a reason, to make sure there is accountability in the system so that if something goes wrong, we're able to catch it before it does become a problem and (2) if it does go wrong, we have some system of accountability to go back to where the problem came from. We need to keep that in mind.

**Mr Wayne Wettlaufer (Kitchener):** I want to start by questioning what was in Gilles Bisson's lunch today that he thought their health minister was more popular than you, Jim.

*Interjections.*

**Mr Wettlaufer:** I was really pleased with your response to Tony Clement's question in regard to staffing cutbacks, management cutbacks, senior level. That's very important.

I was sorry to leave here early yesterday, but I had to go back to an emergency meeting held in the region last night by the regional council and the district health council and the administrators of the hospitals. There was a very lengthy session. Two of the questions raised by the district health council and the administrations of the hospitals were: What will the hospital of the future look like, and what kind of funding can be expected by hospitals in the future? They suggested they haven't received any guidelines from the ministry. I'm not sure that the ministry should give guidelines, but perhaps you have some. If so, could you comment on that?

**Hon Mr Wilson:** I think it's a fair question if we're dealing with old questions. The new question is, what do patients need? We want them to design their system from the ground up, not that we hand them an envelope. Traditionally, hospitals have been funded for the last 50 years on, "You get 2% more a year based on your historic funding," or 5%. At one time the government in

the 1980s was doing 10% more. No one ever asked exactly all the accountability questions that should have been asked in those buildings, frankly.

Rather than to prejudice your process there, we want them to be creative. We want the district health council to properly survey, with the help of the ministry, if they need it, the needs of the people in your area, and not just on a per capita basis, but who's actually using the health care services: Do a lot of your people commute to Toronto and use the services there, as mine do? We're talking about per capita funding.

To simply set a block of money based on some historic funding would perpetuate the status quo and they would just build their plans towards that block of money. We wouldn't be any further ahead in terms of creativity, patient-based budget and so on. We have resources available. The DHCs, frankly, have the resources and they usually tell us, but we also have resources available and some guidelines to help people with this planning. We don't want to prejudice it. I think they are, from what I see. You have tremendous community interest and I commend the community for that.

I know it's not easy, because there are a lot of emotions involved and a lot of mythology out there, but the fact is that your DHC is local people and not us politicians. They're free to hire within the budgets they have and they can ask for more money if they need it. They're free to do the proper studies that need to be done to find out what the patients in your area need and build the system up from there and form those alliances as they go, not just this whole debate I read in your papers focused on hospitals.

The poor home care people must feel like second-rate cousins right now, and they're not. They're providing top-quality home care to people in your area in a massive way that hasn't been done before. They're not getting the credit.

We need your DHC to do it in an integrated way, and I think they're up to the task. They got off to a bit of slow start out there compared to other DHCs in the province, but I think they're moving ahead now. Certainly they're doing the right thing in having the public meetings and asking the public what they expect from their health care system.

It's hard to give you a hard-core number, because all we'd do is we'd fill that number and we still wouldn't know whether we're serving patients and we'd probably still have gaps in services, like we have in many areas now.

**Mr Wettlaufer:** You would agree that they have not been given a number to aim at, though, in the way of funding cutbacks?

**Hon Mr Wilson:** The DHC would know what health care spending generally is in your catchment area, so that would be the number. Now, they may want to recommend that there be a shift in dollars to community-based care; they may want to do what other communities are doing. But the ministry isn't going to set a target and say, "Here's your money," until we see the community plans and then we'll fund accordingly.

Again, at the end of the day it's that the patients need the services. It doesn't make sense to give an institution

a fixed budget, forget about mental health, which always seems to lose, and then give money to home care. We always seem to have gaps when we fund on a silo. If we can get them, as many communities are doing — in my opinion, what I see the commission doing as its *modus operandi* is the patient. They're following, almost in a schematic way, a patient through a system in Thunder Bay, for example, and that's why they're getting good editorial comments on that. For the first time we can answer — almost; we're getting there — pre-cradle-to-grave services in a community. We can actually tell Mrs Jones where her daughter will get services, by whom, and that the money will follow the patient and not the providers and not the administrators and not the bricks and mortar.

Hospitals in a home is something I've learned through this estimates process, when the deputy was talking about how a lot of hospitals right now, to deal with the savings they have to find, are actually sending teams of nurses out to the homes. They're starting to break down their own walls and move out. Those hospitals that are thinking creatively like that have got rid of the old mentality of just thinking within their own piece of real estate. That's fantastic to see, and I understand it's happening more and more across the province.

**Mr Wettlaufer:** The input last night was exceptional. The district health council's report to the public was excellent. It was commented on more than once that they are making a move away from the bricks and mortar and towards better resourcing, ie, more integrated delivery systems in the areas where we have been underserved. You would have enjoyed being there, I'm sure.

I know you want to go someplace and I know Mr Clement has another question, so I'm finished.

**Mr Clement:** Just a quick question, I hope, to the minister or to the deputy. Under Mr Bisson's—line of questioning, there was a question with relation to the proposals for the JPPC formula. You made a comment, Madam Deputy, that you were looking at the efficiency of the hospitals as one of the criteria with respect to amendments to the JPPC formula, and I congratulate you and support you on that.

My question relates to a particular circumstance in some of the 905 hospitals. One of the arguments I get frequently from the 905 GTA hospitals is that they don't mind the test of efficiency, but the question in their mind is whether it is based on historical efficiencies or whether it's based on efficiency gains. A lot of these hospitals make the argument that they have made tremendous efficiency gains over the years — in fact, they never had the flab in the first place because of growth factors and other things. So if the sole criterion is efficiency gains, they were already closer to the bone, let's say, than a number of other hospitals that might have 40% flab they can rid of and then claim they've become much more efficient. Would you at least consider the possibility of looking at historical efficiencies as well as efficiency gains in amending the JPPC formula?

**Hon Mr Wilson:** Maybe efficiency gains in the way we're thinking of it right now is not the right way to look at it. They looked at outcomes and more like performance

measurements. The deputy can explain this a lot better, but I'll give you my layman's version of it as it was described to me.

They actually took a patient with a particular illness and followed that same patient through different hospitals, the end result being that the patient is cured or the treatment is done. Some would deal with it quickly and efficiently and there weren't long pauses between service and you weren't sent around the country to get service and all that sort of stuff, while others just weren't as efficient. So they did compare oranges to oranges.

**1740**

When we think of efficiency, I think we tend to think it's that we looked at all the administrators, and did they get their two boards together and all that sort of thing. That's all very good, but the coffee and doughnuts for boards doesn't cost us much money. The fact is that they followed patients through the system in each hospital, without prejudice from the ministry.

The more technical explanation would come from the deputy, who actually sat on the committee. I don't know any other way to describe it.

Hospitals were also given this data so they could improve; they were given what others do for the same type of service required so they could improve. Actually, CEOs did phone each other. Every time David Naylor puts out his atlas every two years, they phone each other and say, "How in the world are you doing Caesareans that quickly?" or "without high infection rates?" and all that. They do compare notes, and it's peer pressure as much as anything.

**Mr Bisson:** Mr Chair, I think we have an agreement among the parties that we can wrap up early tonight and count the full time —

**Hon Mr Wilson:** Can we do this, though? We might want to table some of these criteria so everyone can understand the formula.

**Mr Bisson:** Okay. I understood the minister was the one who wanted to get out of here. How often is the opposition going to offer you time on your estimates?

**Hon Mr Wilson:** Well, Mr Clement deserves a better answer than what I gave him, though, so perhaps the deputy could have a minute.

**Ms Mottershead:** Even less than that. What happens in our formula is that we give a weight and a rating to a procedure. I'll take appendectomy as an example. A simple appendectomy will get a weight of 1. If there's an appendectomy with complications, it'll get a weight of 2. Every single procedure is documented to see how much resource it uses, both nursing time, recovery time, in terms of the cost of the case. We run that through all the procedures on the acute side and we actually look at hospital to hospital, those that are at the highest level of performance, which means they've used the least resources with the best outcome.

When you have those kinds of examples — we use that information for peer analysis so we can actually share that information hospital to hospital. "How come you could do that and it cost you that much less and you had a better outcome than some of the other hospitals?" Each procedure is weighted and severity is weighted and then it's costed, and that's what we use.



We also, for your information, do the historical analysis as well as the current, because we want to see exactly what the performance improvement has been over a period of time and not just in the last six months of the last data run. That's done on a consistent basis.

**Mr Bisson:** Just so we have it on the record, I have just one question, and once we're done, we'll count the rest of the time towards the estimates.

Minister, I've had a bit of an opportunity to chat to some of your staff here on the issue of the community physician contracts that were let by your government a while back. I understand the criterion to get a community physician contract is that a municipality must be 10,000 people or less and have two physicians within that community.

The community of Matheson has about 3,000 to 3,100 people. They have two doctors, but they're actually in danger of losing one again. These two doctors, if we can get them designated under this contract, would stay and we would be able to resolve the problem they have over there. I'm wondering, Minister, if you can indicate to us whether there's a possibility of amending the rules there in order to allow Matheson to be designated under that particular physician contract arrangement.

**Ms Mottershead:** We don't do designations for the community contracts. How we're starting in the development of the contracts, which is an alternative payment plan, is to look at communities of highest and greatest need, the most isolation and least opportunities to attract physicians, and go in there and do that.

Two-physician communities have been a target. We are moving to three to four to five to seven. There are discussions going on with Matheson in terms of developing a contract, and we have people doing that right now.

**Mr Bisson:** We're going to be getting together next Tuesday again. Can you come back and give me some indication if it's possible to go that way?

**The Chair:** I'd just make a comment. I'm glad the whip is here; the Liberals are not here. After today, there will be an hour and a half left. The health services restructuring commissioner we have requested to come, if he's available. As I understand it, he travels a lot, so

it's if he's available. I wonder if we can get some understanding that we have an hour, and after his presentation we divide up the time in equal parts. If he's not coming —

**Hon Mr Wilson:** That's great. Do you want to have another guest to fill in the rest of that hour? I see all the staff smiling.

**Mr Bisson:** It's a little bit difficult without the Liberal caucus here, but I'm sure, as they're the ones who asked —

**The Chair:** The other thing I'm trying to do is that at that time — it depends on when he finishes. Economic development, trade and tourism follows. I have to give instructions by tomorrow about whether they would be appearing on Tuesday.

**Mr Bisson:** What you've just told me is that there's an hour and some left in the estimates for health, and you want to split that equally between the Liberals and the New Democrats? Sounds good.

**The Chair:** I'm suggesting that we take an hour for the commissioner —

**Mr Bisson:** If there's an hour and a half, we may as well take it all.

**Mr E.J. Douglas Rollins (Quinte):** If that gentleman comes from the restructuring commission, I think we deserve an hour and a half with him, if it's at all possible, if he's here.

**The Chair:** The danger, though, when I make these suggestions as the Chair — it's the whips who should get together and do that. It seems to me, then, that I have to give instructions that the other ministry comes on Wednesday. There would not be enough time.

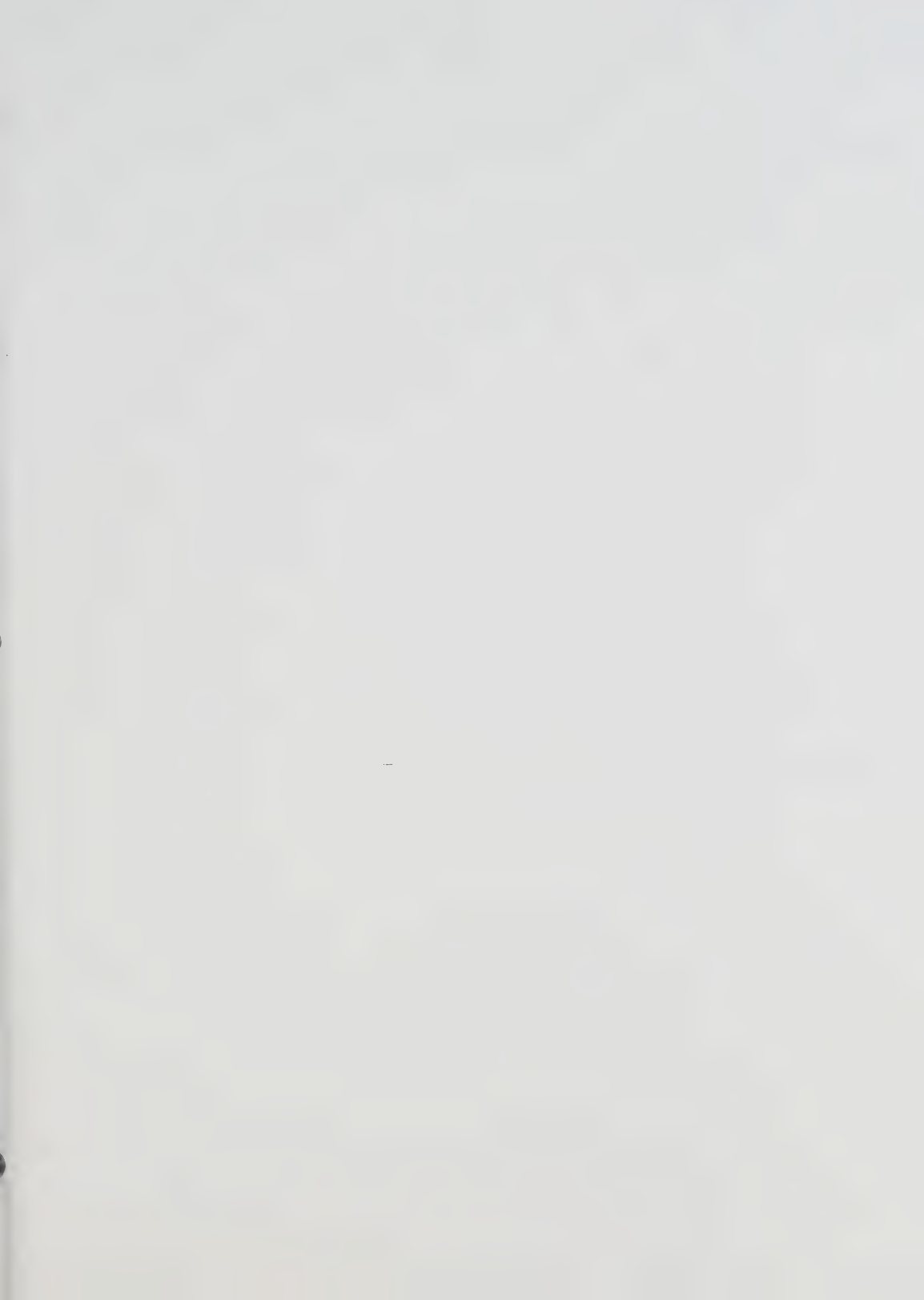
**Mr Bisson:** Can I just ask the deputy to get that response to me? I gave the number that your staff can get hold of me to let me know about the Matheson situation.

**Ms Mottershead:** Yes.

**Mr Bisson:** Thank you very much.

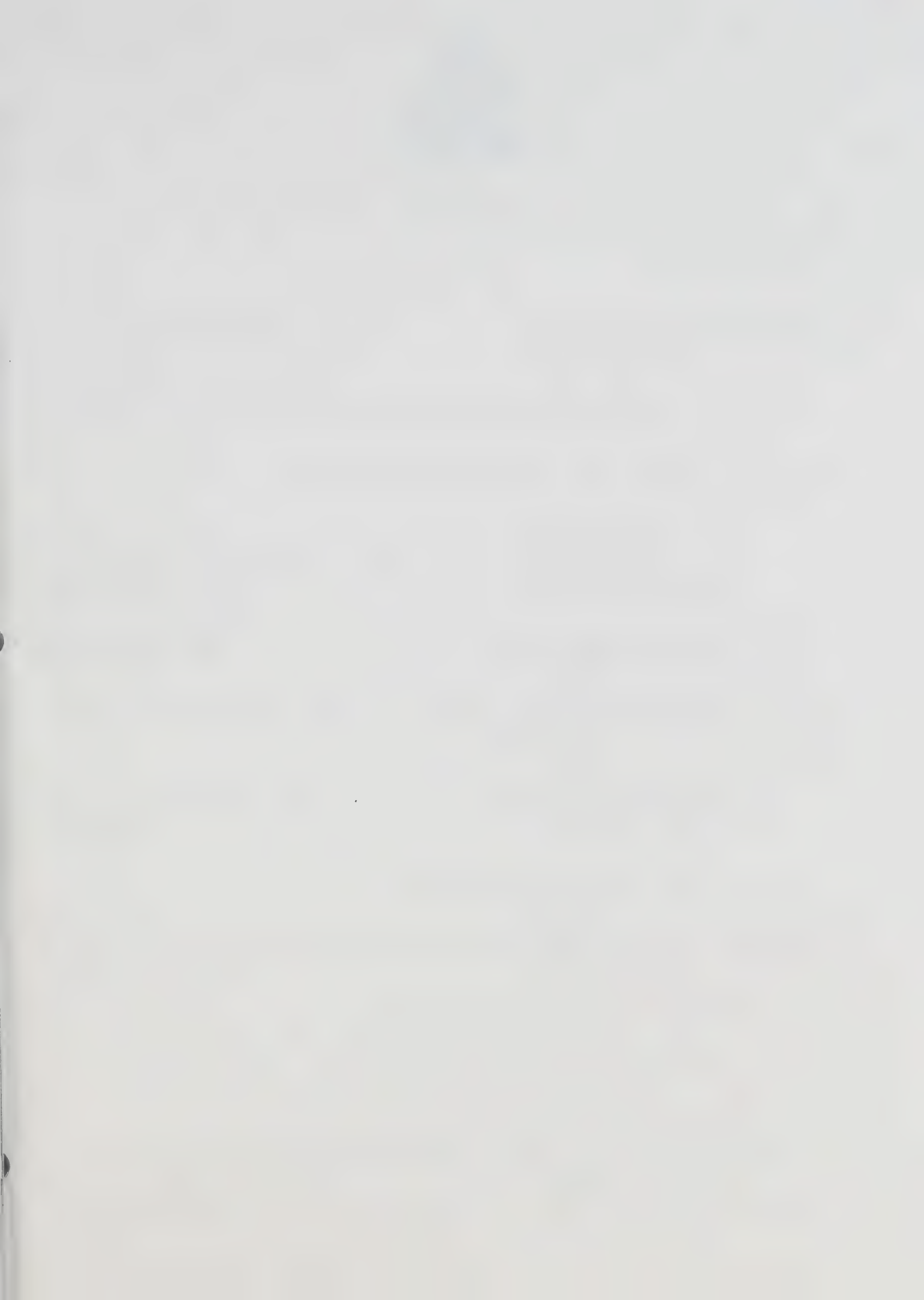
**The Chair:** The instructions here, and I will get in touch with the Liberals, is that economics will start on Wednesday. We stand adjourned until Tuesday.

*The committee adjourned at 1747.*











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\*Mr Toby Barrett (Norfolk PC)  
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\*Mr Frank Sheehan (Lincoln PC)  
\*Mr Wayne Wettlaufer (Kitchener PC)

*\*In attendance / présents*

#### **Substitutions present / Membres remplaçants présents:**

Mrs Elinor Caplan (Oriole L) for Mr Cordiano  
Mr Bill Vankoughnet (Frontenac-Addington Ind) for Mrs Ross

#### **Also taking part / Autres participants et participantes:**

Mr David S. Cooke (Windsor-Riverside ND)  
Mrs Lyn McLeod (Fort William L)  
Mrs Sandra Pupatello (Windsor-Sandwich L)

**Clerk / Greffier:** Mr Todd Decker

**Staff / Personnel:** Mr Steve Poelking, research officer, Legislative Research Service

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## Assemblée législative de l'Ontario

Première session, 36<sup>e</sup> législature

# Official Report of Debates (Hansard)

Wednesday 16 October 1996

# Journal des débats (Hansard)

Mercredi 16 octobre 1996

**Standing committee on  
estimates**

Ministry of  
Economic Development,  
Trade and Tourism

**Comité permanent des  
budgets des dépenses**

Ministère du Développement  
économique, du Commerce  
et du Tourisme



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Clerk: Franco Carrozza

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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATESCOMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Wednesday 16 October 1996

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*The committee met at 1539 in committee room 2.*MINISTRY OF ECONOMIC DEVELOPMENT,  
TRADE AND TOURISM

**The Acting Chair (Mr John Cleary):** Pursuant to today's motion by the House giving us permission to postpone the review of the Ministry of Health estimates, we will begin with the estimates of the Ministry of Economic Development, Trade and Tourism for 15 hours. I welcome the minister and call vote 901. Minister, I guess it's up to you to make your presentation now.

**Mr Wayne Wettlaufer (Kitchener):** Before the minister gets started, I wonder if I could call a point of order. This is very interesting to the minister as well. The estimates were presented to the Clerk a week ago by the ministry and some of us just received the estimates now; some received them 10 minutes ago. There are those of us on the estimates committee who really get off looking at figures — I'm one of them — and I find it totally inappropriate that we just got the figures now.

**Clerk of the Committee (Mr Franco Carrozza):** Mr Wettlaufer, the Clerk did not receive the estimates last week. They were given to the clerk of the committee, Mr Decker, when they first began, which was quite a while back, a few months ago. Those were issued that date. I do not have any other estimates book for you and I apologize.

**Mr Wettlaufer:** Thank you.

**Mr Michael A. Brown (Algoma-Manitoulin):** On that same point of order: These estimates were tabled under the legislative guidelines in the Legislature at the appropriate time?

**Clerk of the Committee:** Yes.

**Mr Michael Brown:** So all members would know that?

**Clerk of the Committee:** Yes.

**The Acting Chair:** Okay, I guess we're ready to start.

**Hon William Saunderson (Minister of Economic Development, Trade and Tourism):** It is my pleasure to be with you today. We're here to begin the consideration of the 1996-97 estimates for the Ministry of Economic Development, Trade and Tourism. During the next 15 hours in this committee we will examine the work of this ministry since I became minister in June 1995.

Everyone on this committee shares the desire to take actions that will strengthen the Ontario economy and promote job creation. We may differ in how to achieve our goals, but there's no doubt that we all want a prosperous economy and sustained economic growth. The Ministry of Economic Development, Trade and Tourism is taking clear steps to help Ontarians achieve long-term economic growth and job creation.

I believe the best way to invest in our future is to create a positive business climate that attracts new entrepreneurial activity, investment, research and development, training and job creation. That belief is what distinguishes this government from its predecessors. We know that the private sector creates jobs and fuels the economy in this province, in this country and in leading economic jurisdictions around the world.

In June 1995 the people of Ontario elected us to get the province moving again and to help clear the path for the private sector. Years of heavy-handed government policies worsened the business climate, increased taxes on companies and people, and left us with one of the poorest job growth records in North America.

Our government acted immediately to turn the situation around. One of our top priorities was to show that Ontario welcomed new investment, new businesses and economic growth. We did this by taking concrete steps to remove barriers to job creation. We repealed the former government's Bill 40, which for years had sent the wrong message to business about Ontario's investment climate. We reduced workers' compensation premiums. We effectively eliminated payroll taxes for smaller businesses and reduced them for other companies. We restored fiscal responsibility to the province by making deep cuts in public spending, reducing personal income tax rates and pledging to balance the provincial budget by the end of our first term in office.

Less than a year and a half later, our government's actions have contributed to economic renewal in Ontario. Obviously I'm disappointed with the September employment data which showed a decline of 35,000 jobs in Ontario following strong gains in July and August. However, I am encouraged by the overall trend in employment. Since July 1995, 105,000 net new jobs have been created in Ontario, and that's in comparison with the previous government, which had 10,000 fewer jobs at the end of its five years.

More importantly, 92,000 of these jobs have been in the private sector. This demonstrates that our government's economic approach is working. We are stimulating job creation by increasing business confidence, getting the deficit under control, cutting taxes and removing barriers to investment. Business investment in Ontario is expected to rise by almost 12% this year, far ahead of the rest of Canada.

Ontario is leading the way in the national housing recovery. Our housing starts rose by 14.2% in the second quarter of this year. In August, Ontario's inflation rate was 1.2%, the ninth consecutive month that it has remained below 2%.



Ontario is poised to grow by 3% annually during the next five years, more quickly than the national average and faster than any of the G-7 industrialized nations. Ontario will also outperform all of its US Great Lakes states competitors next year. Ohio and Minnesota are our closest competitors at 2.8%, and New York is expected to grow at a rate of only 1.7%.

Most of Ontario's growth continues to be generated by machinery and equipment investment and by exports. Together, they accounted for almost 80% of gross domestic product expansion in 1995. Last year, exports accounted for nearly 45% of Ontario's gross domestic product. That is a better ratio of exports to GDP than in any other Canadian province or in any G-7 country.

The success of our approach is reflected in the fact that this summer the Conference Board of Canada reported that business confidence was rising considerably in Ontario, which would receive the bulk of new investment in Canada. Ontario's improving investment climate is supported by stable and historically low interest rates. Our overall economic trend is positive and provides us with much room to position Ontario as one of the best places in the world to live, work, invest and travel.

Premier Harris and other ministers and myself have made consistent efforts to inform international investors about our work to improve the business climate. We are finding that Ontario's reputation is being restored. Investors are telling us they see tremendous value in Ontario's strengths, which are becoming our selling features.

We have a highly skilled and productive workforce.

Through NAFTA, we provide a strategic point of entry to an integrated interprovincial and international trade market. More than 120 million North American consumers live within a day's drive of Ontario. With a combined personal purchasing power of \$3 trillion, they constitute one of the biggest and most affluent markets in the world.

We have strong international trade connections and great success in penetrating export markets. Exports account for about 45% of our total output of goods and services. Ontario is the third-largest trading partner of the United States behind Canada as a whole and Japan.

Ontario is Canada's leading manufacturing province, accounting for 53% of national manufacturing shipments last year. The country's top 10 high-technology companies, in terms of revenues, are all based in Ontario. Graduates from our high-tech university programs are highly skilled and very much sought after by the private sector.

We account for more than 40% of Canada's gross domestic product and have a bigger economy than Michigan, Massachusetts, Switzerland and Sweden.

Ontario ranks alongside Japan and Germany as one of the top three exporters of motor vehicles and parts, capital equipment and industrial materials to the United States.

Our corporate tax credits for research and development work are unparalleled in the G-7 countries.

We have a highly trained and competitive and abundant workforce in technologically advanced fields such as telecommunications and computer software.

But we can't afford to coast on excellent assets and encouraging numbers. We have entered a new and intensified era of global economic competitiveness. Ontario is in a state of transition towards a knowledge-based, high-skilled economy. Companies and sectors are being forced to restructure to maintain and build on their base of business.

To achieve sustainable economic growth, Ontario needs to develop and expand on several fronts:

It must encourage even more self-reliance in people and in businesses.

Innovative businesses must be able to compete even more successfully in world markets.

We must continue to find new export markets for our products, services and tourist attractions, reducing our dependence on the United States.

We must become increasingly competitive in international markets and in a more diverse range of economic sectors.

We must create meaningful new links between businesses and institutions.

Although more research and development takes place in Ontario than in any other province, we must strive to become one of the best locations for research and development and for technology transfer in the world.

We must continue to help small and medium-sized companies gain access to the financing they need to grow.

We must renew efforts to help workers develop the skills and managerial abilities they need to thrive in our economy.

#### 1550

Our economy will continue to face strong international competition. If we are to reclaim our position as one of the most prosperous economies in the world, we must adapt in new and dynamic ways to the global economy.

This is the challenge facing Ontario, and it lies at the core of my ministry's vision and economic development strategy.

Our vision is to be successful on three fronts: We want to help Ontario achieve sustainable growth and job creation and to compete strongly domestically and internationally; we want to work with entrepreneurs, sectors, communities and other governments in promoting economic development; and we want to make Ontario a leading North American destination for domestic and international travellers.

My ministry has been a leading advocate of government-wide initiatives to make Ontario one of the best places in the world to live, work, invest and travel.

We are cutting personal provincial income tax rates by 30% over the next three years. We have cut government spending by about \$5 billion this fiscal year, and we are well on target to balance the provincial budget by the end of our first term in office. I should add that in its efforts to bring about responsible fiscal management, this government is asking just about every Ontarian to bite the bullet. Every ministry of the Ontario government has had to cope with diminished funding, and economic development, trade and tourism is no exception. As a result, businesses have to meet the challenges of our readjustment.

So we have eliminated programs that provide loans and grants to businesses. We believe that such government handouts give certain companies unfair advantages over others. They skew the marketplace and they allow inefficient business practices to continue instead of being improved or discontinued.

I travel regularly around the province, meeting with business people and with the leaders of our economic sectors. I know what business wants. I hear it every day, and I know that what I am hearing is right.

Business wants government out of its way. Business wants a predictable and reasonable set of rules and regulations to live by. If a government happens to be handing out money, it's to be expected that all sorts of companies will want to benefit. But companies and business leaders that I have met would argue that the best solution is to eliminate preferential treatment of a few select companies and to use the savings to pay down the deficit and to invest in strategic sector-wide initiatives that improve our overall economic competitiveness.

We have repealed anti-business laws and replaced them with legislation much more in line with the needs of today's business realities. We are stripping away red tape and needless regulations as fast as we can because we recognize that unnecessary government regulations discourage investment.

The Ontario government is taking every opportunity to provide public services in better, more efficient ways and at less cost to hardworking taxpayers.

Our ministry is at the forefront of creating a smaller, leaner and more efficient government. We are moving in strategic and fiscally responsible ways to stimulate Ontario's business sectors, to encourage the transformation towards a highly skilled and information-based economy and to provide the right climate for training, research and development and exciting new applications of scientific knowledge and the information highway.

Just last month, I attended a federal-provincial-territorial conference for ministers responsible for the information highway. I made the point that it is impossible to think of our long-term economic competitiveness or to consider sustained improvements to our quality of life without thinking about the information highway. I also suggested that the information highway provides governments their best opportunity to deliver public services in better, more efficient and less costly ways.

Information technology is one of the world's fastest-growing economic sectors.

I said at that conference that we have the ability to make Ontario and Canada world leaders in the digital revolution, and I hope that we will all work towards that goal. Also at the conference I called for a more aggressive national effort to give Canadians the tools they need to compete in the new information-based economy.

We in the Ontario government are certainly committed to that goal, in ways that I will describe shortly.

First, I would like to describe how the ministry has been restructured and refocused. We are considerably leaner and more efficient than we were previously, and we are entering into much more significant and sustainable partnerships with businesses and communities.

A restructured and more efficient ministry means that this government assumed office promising to take a hard look at programs and services to help reduce the deficit. Within days of being sworn in, we began to act on that promise. And we looked at it as much more than a cost-cutting exercise; we looked at it as a way to fundamentally improve the character of our government.

The huge job of restructuring and downsizing Ontario's public sector began right away, and our Ministry of Economic Development, Trade and Tourism has been an integral part of the process.

Our ministry's budget this year is about \$306 million. That's approximately a 50% reduction from the 1995-96 budget. Our staffing level has been reduced by about 30% this year, to the current level of about 765 employees. That figure includes all of the employees at our agencies which are outside our ministry.

Clearly, our ministry has faced the same cost-cutting obligations that have affected companies and public institutions across Canada, and we have used the opportunity to find creative and meaningful ways to deliver on our mandate to help the private sector create jobs.

Last spring, shortly after the May budget, the government released business plans for all government ministries. The plans clearly defined the business activities of all the ministries with measurable performance targets.

As our own business plan indicates, part of our effort to become more effective and efficient involved realigning the ministry into four new divisions, down from seven under the previous government. We are like a sophisticated management consulting firm with a well-qualified and experienced team ready to help business meet its challenges.

I might say at this time that we now have four assistant deputy ministers; we inherited seven.

The ministry's old approach involved costly bureaucratic approaches; unfocused marketing; direct financial assistance to individual companies, creating selective and unfair subsidies; heavily subsidized agencies and attractions, and so forth.

The new approach of the ministry involves working with business to meet their challenges; marketing Ontario to key decision-makers here and around the world; focusing reduced financial support on sectors and clusters of companies where there are broader economic development benefits; helping businesses become more self-reliant — a very important aspect of our ministry — and helping agencies achieve greater self-sufficiency through commercialization or privatization.

1600

People around the world admire our quality of life in Ontario. As a business person, as an occasional tourist and as Minister of Economic Development, Trade and Tourism, I have seen for myself how respected and admired Ontario is. And every time I return home, I am reminded of how fortunate we are to live in this province.

But as a former business person, as one who has taken part extensively in community volunteer efforts, as a parent and a grandparent, and as a minister of this government, I refuse to take our privileges and our good fortune for granted. Our quality of life is by no means a given. The future will not be handed to us on a silver



platter. As a province, we face complex economic challenges, and we must meet them head-on.

Ontarians are working hard to better their lives. Every day, students, parents, employees, small business people and corporate leaders make the most of the tools they have — skills, knowledge, networks and resources — to improve their lives.

We all know people in our immediate circle of friends and family who hold down jobs, sometimes they hold more than one, while studying or raising children or giving to their communities. Collectively, business people and government leaders have a responsibility to show that same ability to take stock of their resources and seize opportunities to fulfil their ambitions.

We have to work together in creative and fiscally responsible ways to help Ontarians compete economically with the strongest jurisdictions in the world. We must find strategic ways to invest in a strong and diverse economy, which is the best possible guarantee to maintain our quality of life.

I am proud that the Ministry of Economic Development, Trade and Tourism is taking bold, clear steps towards that goal. I am happy to discuss all of the efforts we are taking, and I am pleased that we will have a chance to do that with the other two parties of the House.

**The Acting Chair:** Thank you, Minister. It's the official opposition's turn for half an hour now.

**Mr Michael Brown:** I first would like to thank the minister and his staff for attending and taking part in this process. I truly believe that the estimates process is one of the more important parts of the legislative agenda. It gives members of the Legislature, the back bench of all parties, an opportunity to directly converse with the minister and his staff on matters that I believe are very important to the people of Ontario and to get clarification of a number of government policies.

I would just indicate to the minister that our critic, Mr Kwinter, will be here next week. Unfortunately, he's out of the province this week. He will probably be able to discuss these matters more in depth as he's someone terribly familiar with your ministry.

**Hon Mr Saunderson:** He does travel a lot these days.

**Mr Michael Brown:** He knows what's going on.

**Hon Mr Saunderson:** He does.

**Mr Michael Brown:** Anyway, I was very interested in the minister's statement directly in that as I read through it I came to the same conclusion that Mr Kwinter had come to, and he asked me to ask the minister what probably his first question would have been if he had been here. It was: If your ministry wasn't there, who would notice?

As I read through this, frankly I didn't see anything that your ministry is doing to do anything. I hear about the Treasurer doing things, I hear about lots of other ministries doing something, but frankly I don't know why we're even spending the \$306 million, if that's what it's about. I don't think Ontarians are getting much value for money.

We look at your statement. You say that since July 1995, 105,000 jobs have been created in Ontario, and that's laudable. But you know what that means, don't you? That since 1990 this province has created 25,000

new jobs. Since 1990? You have 25,000 people more working in this province six years later, and that's supposed to be good?

We have 60,000 people more unemployed today than we had when you took power, because 105,000 jobs a year will not replace the increase in our workforce every year. If I follow this through, at 105,000 jobs in a little more than a year, you are 325,000 jobs short of where you said you would be in the Common Sense Revolution. I find it's a remarkable admission of ineptitude rather than something the government should be proud of.

You talk about interest rates being low. That is, in my view, probably the most positive economic news we could have. It probably creates more jobs in the economy than any other single factor. But I hardly believe the government of Ontario can take much credit for interest rates being low. It may have some effect in our economy, what you do fiscally, but frankly you're not the major player here. The world markets are the major player and the Canadian government is a major player. So the idea that you would even suggest that interest rates are a function of what you're doing is just quite remarkable.

The other thing I find absolutely amazing — one of the things I think we in Ontario have come to understand over the years is that we cannot put all our eggs in one basket. Trading with the Americans and the Mexicans is very important to our economy, but my understanding, Minister — and if I'm wrong, you could correct me — is that trade with the rest of the world is actually falling as a percentage of our overall trade. To me, that should signal real problems to the people of Ontario. We should be more active in the southeast Asian markets, we should be more active in the European markets, we should be more active as a province around the world promoting Canadian, and in particular Ontario, business.

I see projections of your 3% GDP increase, which I think is quite laudable, but after the experience of the last six years in this province, you would think the pent-up demand in this province would produce more than a 3% growth. I would have hoped so. I know in Ontario we need to do that, to have better than 3% growth, or we're really not going to do what we need to do in terms of providing employment and being able to sustain our programs in this province, particularly in health care.

As I look through here, you talk about high tech, you talk about research and development, but at the same time your colleague Mr Snobelen is out beating up university after university. He is out seeing what he can do to destroy public education in this province. I can understand on your trade missions your Premier is fond of telling everybody who wants to listen that Ontario provides the best-qualified, most highly educated workforce in the world, and I believe that. He says this is the best. Then he comes home and all we find out in this province is how bad our education system is. I'm fundamentally at a loss to explain what the government says in different locations to different people.

This is the strongest province in Confederation; it always has been. I think one of the sad parts is how we haven't progressed greatly in the last five or six years. But I don't think what you've told us today gives us much encouragement that we'll be continually moving

forward. I think we owe it to the generations that will follow us to leave them not only with a fiscally responsible province with a good bottom line, but without deficits in the other major areas.

**1610**

I will leave some of the more major things, I think, to my colleague Mr Kwinter when he comes, but I wish to discuss with you another issue that we find a little strange. Last year at this time, or at the time we were going through your ministry's estimates, you were asked if the government was considering video lottery terminals.

**Mr Gilles Bisson (Cochrane South):** What did he say?

**Mr Michael Brown:** What apparently was said was that he had no knowledge of any operation or any government plan to introduce video lottery terminals in the province of Ontario. Given that the Ontario Lottery Corp is an agency of your ministry, I'm absolutely shocked that you would have absolutely no knowledge six weeks before the announcement that there would be this legislation introduced in the House. I think most of us are finding that either you are completely out of the loop or you kept us completely out of the loop. I find neither one of those to be acceptable.

I have some grave concerns about our marketing efforts. I'm told in my constituency that your Tourism Ontario operation, which used to provide to all tourism operations a listing at no cost to themselves — that is no longer available, but what they do have is a partnership with Bell Canada. For a mere \$240 for the basic package, you can play. I tell you, for the small business person in tourism on Manitoulin Island or along the North Shore, \$240 is a tremendous amount of money, given the fact that I'm told that tourism in our area this year is down 15% to 20%. I know, in talking to the people who are involved, whether they have restaurants or cabins or motels or hotels or resorts or even grocery stores, that the impact in our area has been terribly significant. I wonder how the minister can explain to my particular constituents, or any in the northeast, because I understand it to be fairly general across the northeast, that tourism dollars are down dramatically.

We could maybe point to a rather — I'm looking for the right adjective — anaemic marketing effort by the government to encourage people to come to Ontario, spend time in Ontario, spend some money in Ontario, because we are one of the greatest bargains in tourism in North America and maybe the world. Given all that, we're having tremendous difficulty understanding how you're going to do all this better when the results we're seeing are far worse.

Also, I think one of the things you're not talking about, as you're so business-friendly, is the tremendous downloading of costs to business. The Crown Forest Sustainability Act, the aggregates act, in my area those bills are turning government costs over to industry in the hundreds of millions of dollars. I'm not sure how that makes businesses in Ontario any more competitive than anywhere else. Minister, I'm puzzled.

I'm also puzzled by the member for Kenora today talking to the Minister of Environment and Energy. The member for Kenora was asking how a \$10,000 bill to a

trailer park operator for water testing labs helps small business. I'm really puzzled at how that downloading of government services is to help the small business person. All I think small business people are seeing is fee after fee after new fee after new expense for something that used to be provided by government and no longer is.

We would like to know that the Minister of Economic Development, Trade and Tourism would be at the cabinet table saying, "I think small business is important and I don't think we can be downloading to business people either through increased taxes or new fees," because all of those things are happening in my area. Increased property taxes and the new fees are happening everywhere. That is crippling, hurting and in some cases bankrupting businesses that have been around not just for a short while.

We hear the glowing words that are in your nice statement. If you read this, to be fair, I don't think I can find anything that you are particularly doing.

You talk in one section, and I am just trying to find it here, about access to capital being a problem, but you don't tell us what you intend to do to fix that problem. We agree that access to capital, especially for small business, is a problem.

**Mr Tony Martin (Sault Ste Marie):** Particularly in the north.

**Mr Michael Brown:** My friend says, "Particularly in the north," but I think it's particularly anywhere. I've been in business. It's hard to find money, especially for small business. You were identifying it as a problem, but you have not said one thing about what your solution might be to that problem.

Is it grants or loans? You've said there can't be grants or loans; that's not possible. You don't like grants or loans because it skews the market. But I hope you'll help me when you get a chance to reply, because if it's not grants or loans, I don't know what it could be. Maybe you're going to take equity positions in smaller companies. It might be a good idea, but you haven't told us.

With that, I think I'll give my colleague from Prescott and Russell a few moments to speak more directly about tourist issues.

**Mr Jean-Marc Lalonde (Prescott and Russell):** Minister, I have a few questions. You mention on page 4, "Sustained Efforts Needed to Meet Ontario's Challenges." The fourth item is, "We must continue to find new export markets for our products, services and tourist attractions, reducing our dependence on the United States." What approach are we going to take now to continue increasing or having the tourist people come and visit Ontario?

**Hon Mr Saunderson:** I was reading from an enlarged version because of my great eyesight, so we had another copy. Page 4?

**Mr Lalonde:** Page 4, yes, the sustained efforts. You say, "We must continue to find new export markets for our products...."

**Hon Mr Saunderson:** Do you want me to respond now?

**Mr Lalonde:** If you could, please.

**Hon Mr Saunderson:** Or do you want to make your statement? I think it will be hard to keep track of the time for you, because I think you still have about 15 minutes for your party.



**Mr Michael Brown:** I asked a number of questions and perhaps if the minister wishes to respond, we'd be happy to have him respond to Mr Lalonde's question and the ones I raised.

**Mr Lalonde:** All the points that you're identifying in there, do you have a plan, what type of approach you'll be taking to meet those criteria that you are talking about in there?

**Hon Mr Sanderson:** We certainly do.

My understanding of this process is that I was to speak for roughly half an hour; then the official opposition and then the third party would speak for half an hour, and then I would have a rebuttal, at which time I could answer the questions or make further statements.

**Mr Michael Brown:** We're happy with that.

**Mr Lalonde:** Really, all the points in there, as I said, I'd just like to know what approach the government is taking to meet those criteria or the points that you are highlighting in there, because we must continue to help small and medium-sized companies gain access to financing the need to grow. It's nice to say, "We must, we must," but what is the approach that this government is going to take? You must have a plan.

**Hon Mr Sanderson:** We do.

**Mr Lalonde:** Is it possible for us to get a copy of that?

**The Acting Chair:** He will answer you later. You ask and he will answer later.

1620

**Mr Lalonde:** Is it the government's intention to reopen the offices in other countries, such as France? We used to have an office there. We used to have offices in different parts of the world, in the capitals of different countries. Does the government intend to reopen those offices?

**The Acting Chair:** He'll respond later.

**Mr Lalonde:** I remember during the previous government we met the minister at the time knowing that in eastern Ontario especially we depend a lot on francophone tourism, not only from the province of Quebec but also from France. They're coming to Montreal and then they just bypass Ottawa or the Prescott and Russell region because they think this region is mainly anglophone people. They just bypass the area.

The point I'm getting at is that we were asking the government at that time if they would invest additional money in marketing the area by publishing some French documents so that francophones would know that in Ontario we do service in both languages. Ontario has 550,000 francophones.

Just the other day myself and Ben Grandmaître, my colleague, met a group at the bottom of the stairs. When I heard the group was speaking French, I went to see them. I said, "What part of the country are you from?" They were from France and immediately I said, "I hope you have a French tour guide," and a lady came to us and said, "Yes, I am the tour guide for this group." I said, "You're not an employee from the Legislature here." She said, "No, I'm from Bois-Franc." Bois-Franc is a sector of Quebec.

The first question that was asked of us was — if the information would have been available at Mirabel Air-

port, for example, they would have known immediately — "How many francophones are there in Ontario?" I said, "There's 550,000." Immediately the tour guide, this lady from Bois-Franc, said, "Yes, but they're mainly in the Windsor area." So immediately I noticed that the people were misinformed.

Just this Saturday coming I'm meeting a group from France in Prescott and Russell, in the village of Castleman. We want to tell the people now to come into Ottawa or to Toronto before they fly down to Quebec because they are misinformed about our district. If they do fly to Toronto, probably they'll find out when they get to Toronto that the majority of francophones are in eastern Ontario and northern Ontario.

What I'm getting at is that I really feel this government should spend money in marketing, informing people from other countries and also the province of Quebec that it is possible for them to be served in their own language, which for them is the francophone services or the francophone people in our eastern region and also the northern region.

Really just to go back again, the former minister had said at that time that there was no money available to inform the people or to publish publications in French in the province of Quebec to attract tourists to Ontario. That would be the point that I had to bring to the attention of the minister.

**The Acting Chair:** Is that it now? Okay. Mr Martin.

**Mr Martin:** I appreciate the opportunity to participate in this discussion today. Even though I know in the very short interaction that I've had with the minister, Mr Sanderson, he's a decent guy and probably believes very wholeheartedly in the program that he is delivering on behalf of the government, that what he's doing is in the best interests of the province and the people of Ontario, I would suggest to him that that in fact it is otherwise and I would hope that out of his sense of —

**Mr Wettlaufer:** We wouldn't expect you to say anything else.

**Mr Martin:** No, you wouldn't. My track record is such, is it, Wayne? I would hope that out of his sense of decency, though, and out of his sense of fair play and his long and distinguished experience in the field of finance and business that he would come at some point to an understanding that the program he has set about, that which he is doing in the province, is not in the best interests of the long-term health both from an economic perspective and even more importantly, for me, the social health and wellbeing of the people who live, work and call a jurisdiction home is what's most important.

This document that was delivered today is nothing but another exercise in public relations, in putting a new sheen on a picture that is growing ever more used and abused as time goes on under the tutelage of the present regime at Queen's Park. I would be very much concerned about this paper and about the impact and effect that it might have out there by way of misleading the public if I didn't think the public were smarter than that.

I don't think this government gives the people of Ontario enough credit for seeing through bad policy and for making up its own mind and deciding, in the end, what it feels is good for itself. It's one thing to spend a

lot of time on Bay Street and spend a lot of time surrounded by the financial wizards that are available to you as a minister in this place. When you become a minister here, you get lots of advice from some very qualified and capable people, and they can convince you of some things that they feel in their heart — and I'm not imputing any negative motive here — is in the best interests of this province. When you combine that with an ideology that this government obviously came to this place with, you begin to see some very interesting things happen.

It's one thing to surround yourself and be set in a context of Bay Street advisers and highly qualified and educated economists. It's one thing to spend a lot of time schmoozing and wining and dining with the financiers from around the world, yes, which we are a part of, to go to Europe and France and meet with the finance ministers and economic development ministers and talk to them about what they think is in the best interests of the people they represent and the global economy as they grapple with how they make it work best. It's one thing to spend time on your days off or your holidays on the golf courses of this province. But I suggest to you, Minister, that it's another thing to spend time out there in the communities of this province and to rub shoulders with the ordinary working folks in this province and to spend time in the coffee shops of some of the towns and communities and cities that all of us around this table here represent and try to speak on behalf of here.

They will tell you, if what I'm hearing is true, and I tend to believe it is — I spent a lot of time this summer in northern Ontario. I spent a lot of time in Sault Ste Marie. I spent a lot of time in some very interesting places: on the sidelines of soccer fields as I watched my kids play and schmoozed with the parents of other kids as they played soccer.

They shared with me a very different story. Their concerns, their anxieties, what they're experiencing, what they're seeing around them in their communities, in their neighbourhoods, in their families is a far different picture than what you're painting here in this presentation you made today.

1630

It seems to me that any economy that's worth its salt and that's going to compete in the world today — and certainly Ontario is a leading example of it, because governments before you have been committed to a very different set of values than you, including your predecessor Conservative governments. They saw to it in order for Ontario to be in the position that it is today so that you, Mr Saunderson, a decent man, could sit here today and talk about how good the economy is in Ontario, how good the standard of living is in Ontario and how envied we are around the world today. That didn't happen in the last year and some few months. That happened over a number of years, the effect and the outcome of a lot of hard work by a lot of people. More importantly, it's the result of leadership given by governments in many serious and significant ways in this province so that this province indeed, as you have said, and I agree with you, is the best.

I'm concerned how long that will be if we continue down the road that you have us on, because we all know

and you know that the fundamental determinant for the good economic health of this province is a good, publicly funded, universally accessible education system, a good, publicly funded, universally accessible health care system, and an infrastructure that's first class.

Governments up to this point in time have invested heavily in those areas, have taken money that they've realized through, yes, the tax system in this province, because we believe in collectively building a future together, and have put it into developing first-class education systems: elementary, secondary, the college system and the university system. You in your paper here reference the fact that some of our graduates are sought by many of the world's financial institutions because of the skill they have, because of the knowledge base they have and because of the work ethic that's present in this province.

But I have to tell you that as we go down the road that you have us on, where your government — not you specifically but your government — is beginning to cut closer and closer to the bone, where your government is beginning to do things that are counterproductive, you will begin to see those institutions fail, those institutions begin to lose their potency.

You're suggesting that the private sector will move in and take over that space that's been created. I beg to differ. Having said that, if in fact that's what you're proposing will happen and if you see a different role for, for example, colleges and universities and schools in this province, we need to see from you, so that we can participate with you in a more confident and hopeful way in this new development, some plans, some laid-out business plan that tells us what we're going to do today and tomorrow and next year and five years down the road, what the numbers are going to look like, how many people are going to be employed, what kinds of skills are going to be required and what the end product is going to look like.

I know myself from having been in business for a short time before I came to this place that no financial institution whatsoever was willing to even meet with me re the future of the enterprise that I was involved in if I didn't have with me a well-thought-out and practical and doable business plan.

There is no business plan here for the economy of this province, and there's no reference at all to the important role that the education system plays, the health care system plays, the infrastructure of this province plays in any future that we might have, or any commitment to improving those or changing them in any significant way so that at the end of the day we might have something that will be more helpful as opposed to less helpful. That concerns me very much. That concerns me greatly.

Hand in hand with not having a first-class education system and not having a first-class health care system and not having an infrastructure that we feel confident will carry us into the future goes the fact that we're losing jobs in those areas. Where over the last 10 or 15 or 20 years we had people in this province who were willing to invest in their own future by going to school and learning certain skills and then contributing their time and effort and resource to the collective goal of making sure that



the communities we live in prosper and that this province improves, they're no longer sure there are going to be jobs for them, so they're questioning whether they should make the commitment to the education they require in the first place. They don't know, as they look down the road, what they're going to be asked to do and what skill they're going to need because nobody is painting that picture for them.

There's no government working with them hand in hand now, cooperatively, around the question of what they need to know, where we're going and how we are going to arrive there together so that everybody is still on the cart when we get there. That has to be a huge concern for all of us.

To get even a little more specific, some of the infrastructure — Mr Brown I think alluded to this when he said that by looking at this paper and at the track record of the Ministry of Economic Development, Trade and Tourism, and it shouldn't surprise any of us, as I think about it, there really is nothing going on. You have said from the outset that government has to get out of the face of business, government has to get off the back of business, government has to get out of the business of economic development and improving the financial situation of industry in this province and let it do its own thing; let it rise to the surface and naturally achieve some things.

There's nothing in here to suggest that course is changing. There's nothing in here to suggest that the Ministry of Economic Development, Trade and Tourism is replacing a lot of things that they've wound down, that they've taken away, that they've decided are no longer useful and relevant. For those who are out there looking for assistance or direction or help or ways of working together there just aren't those vehicles any more.

I know from talking to some economic development professionals in my area that the very vibrant, wholesome, interconnected web of community economic development offices and professionals that was there in 1994 and 1995, particularly in northern Ontario, and had been developed over the years by successive Conservative, Liberal and New Democratic governments because we knew and felt very strongly in our hearts that government needed to be involved, needed to be a partner and to be helpful in these things, is now beginning to come apart at the seams.

There are fewer people working in these areas. In some communities the offices have closed right down. They're not there any more, they're gone, so whom do we turn to? In my community there's still a federal government office of the community development corp and there's the Economic Development Corp. Both of them are now in many significant ways competing with each other for dollars they might be able to generate by offering services on the open market for advice they used to give freely, on behalf of the government, to potential entrepreneurs and business people as they sought to take advantage of opportunities that are presented, through the evolution of things, like NAFTA and GATT and so many other new trade alignments and realignments that we've gotten ourselves into over the last two or three years. But they're not there any more. I suggest to you that's going to be a big hole to fill. I think it's going to do big damage.

#### 1640

There are a number of things I'd like to share with you this afternoon, but I think over the 15 hours we have together I'll get a further chance to do that. In wrapping up my comments, because I want to give my colleague from Timmins a chance to put some thoughts on the record, it seems to me, and I will be making a case as these estimates discussions go on, that there is an important role for government in any future we have together in our communities and in the province, as we go into the next century.

I only have some examples from my own community to share with you. They're the most obvious in my mind, they're the freshest in my memory and they're good examples. In my community in the early 1990s we had crises in all of our major industrial endeavours. Algoma Steel was in crisis, St Marys Paper was in crisis, the Algoma Central Railroad was in crisis, Lajambe lumber was in crisis. If we had just washed our hands of that and simply decided that those companies should just sink or swim on their own merit in the free market system that determines that, Sault Ste Marie today would be a far different place, but that isn't what we did.

The government of the day, that I happened to be a part of, came in and called to the table all the players — the financial institutions, the management group and the workers — and said, "What can we do in this circumstance?" The details are many, the story is long and it'll be told by others who are closer to it than I in more eloquent ways, but at the end of the day we have an Algoma Steel, a company that today is feeling so confident about itself and its future that it's willing to invest close to \$500 million in new technology so that they will be in a position to compete in the next century with the many new mills that are developing in the States and other places around the world. So Sault Ste Marie —

**Mr Wettlaufer:** I sure hope it'll still be there.

**Mr Martin:** It'll be there. I'll put money on it. Do you want to have a little bet? I'll do that. Three years ago when all this restructuring was happening — it was funny. I got calls from some steel analysts in this city who said, "Tony, can we go for a coffee?" I said, "Sure, you know I'm always good for a coffee if somebody else is paying."

**Mr Michael Brown:** That figures.

**Mr Martin:** That figures, absolutely. I've bought my fair share of coffees for people too.

**The Acting Chair:** Mr Martin, you should address the minister instead of getting into that.

**Mr Martin:** Mr Wettlaufer is a good —

**The Acting Chair:** You can talk to him after.

**Mr Martin:** They took me for coffee and tried to convince me that what was going on in Sault Ste Marie was absolutely ridiculous, that it was foolish, that we shouldn't be doing it, that it was pouring good money after bad and that instead of shareholders now losing their shirts on this venture called Algoma Steel, we were going to see all the workers there lose their shirts on this deal.

I have to say to you that now, three years later, happily we have a company that since then consistently has shown profits every quarter. They've invested money they've generated by way of profit back into that com-

pany, have gone out on the free market and borrowed and debentured their way into now making this new investment. It's the same story at St Marys Paper and Algoma Central Railroad and Lajambe lumber. Because of the active involvement of the government in that whole venture we have three or four major industrial foundation blocks of our community still doing well, investing new money in new technology, and because of that our community is looking forward to what will be a future for all of us.

There are other things we're concerned about, and I'll talk about those another day. I want to give my friend from Timmins a chance to spin his story.

**Mr Bisson:** I would have to say, Minister, in listening to your comments, that it always astounds and upsets me to hear members of this government go on at length about everything that happened in the past being God-awful. You sit there time and time again and talk about how the world before 1995 didn't exist and how only since 1995 have things started to happen. You forget what has happened in the history of this province.

Why do people invest in Ontario? It's as Mr Martin and Mr Brown have said: Over a period of years the Tories, Liberals and New Democrats in government, and the business sector, have built up a province that has done fairly well. It's not because of the government of Mike Harris in 1995 that suddenly everybody came and invested in the province of Ontario. It had been happening here for years.

I hear the government taking credit for what's happening with regard to the economy. They say Ontario leads the G-7 this year. That was happening in 1994, when there was an NDP government in place. Don't nod your head. I can hear the shaking from over here. The reality is in 1994 the Ontario economy led the G-7, and that was happening under the socialist government of Bob Rae. Did we do everything right? Hell, no. Are you doing everything right? Hell, no. The point is that not every government before you did everything wrong.

The government of David Peterson, as much as I was adversarial to that government because they did things I didn't like, did some good stuff in Ontario. Over the period of four or five years that they were in government they did a number of things specific to this ministry, when it came to economic development, that were positive steps forward, and that work was carried on by Premier Rae and by Minister Lankin and others who were there before you.

My colleague from Sault Ste Marie talked about what happened at Algoma Steel. The same story can be told in many communities across this province. What would have happened in Kapuskasing if the government of the day, through the economic development and trade ministry, hadn't taken the involved role that they did? There wouldn't be a Kapuskasing today.

What would have happened to de Havilland? De Havilland wouldn't exist now. If we had listened to the federal government at that time, your Tory friends, de Havilland would have been allowed to close and Ontario would have lost the major player in the aerospace industry.

I have a fairly hard time listening to the rhetoric of the government about how everything before was terrible and nothing else was good until they came along.

You say with pride that you reduced the number of deputy ministers from seven to four, as if that's some great leap forward. The reality is that those deputy ministers were doing some work. I'm insulted, for one, to hear civil servants in this province being devalued the way this government has been going. I think it's shameful.

What were those seven deputy ministers at the Ministry of Economic Development, Trade and Tourism and the other staff doing who were there before? They were working on economic development. They were working on behalf of the people of Ontario, developing strategies within the plastics industry, within the aerospace industry, within the granite industry and others across the province, and we have all kinds of experiences to show for it. In my own community of Iroquois Falls we have a brand-new granite plant. It didn't come out of nowhere. Yes, it was a private sector developer, but the province of Ontario played a role, and it played it through your ministry.

I have a real problem hearing this government go on at length about the work that people at economic development and trade did being terrible and that everything that happened prior to 1995 didn't work. You devalue everything they've done.

I just want to say one last thing, and we'll get into this in more detail. You say that this government is trying to remove itself from the face of business. I'd just say a couple of things to that. Government has a role to play in the economy, and this is where Tories and New Democrats part. You believe you should take government out of the face of business, which means deregulate it; let them do what they want and let the economy dictate.

If that had been the case in the history of this province, many regions would not have the economy they have. Northern Ontario, by and large, developed into the economy that it has not only based on the private sector developments of northern Ontario but because the provincial and federal governments prior to you and me played a role with the TNO railroad in northern Ontario, with norOntair, which you shut down, with the telephone company, with the roads infrastructure that we put in place. Without that, we wouldn't have a northern economy.

Municipalities across this province are now trying as best they can, under attack, to deal with what you are doing to their municipal grants. What does that have to do with economic development? I got a phone call yesterday from the managers of two of the mines in the Matheson area. Here's what you guys are doing:

You're cutting the transfer payments to municipalities — the township of Black River-Matheson is affected — and as a result they're moving in and annexing two municipalities. Do you know what that means to the two local mines? They're now going to be taxed by the municipality, where they weren't before. It means that those two mines — you say you want government out of the face of business. In this particular case the municipalities that deal with offloading now are forced to try to annex other municipalities. You would know, as a former reeve, that they don't have a lot of choice.



**Mr Bert Johnson (Perth):** I never was a reeve.

**Mr Bisson:** You were involved in municipal politics for a number of years.

**Interjection:** He was the mayor.

**Mr Bisson:** A mayor. Pardon me. But the point I'm making is that those two particular mines, the old Barrick mine and Harker Holloway mine, both of them now are faced with municipal tax bills in excess of 100,000 bucks a year, should this go forward.

**1650**

Is that how we stimulate economic development in Ontario, by allowing local municipalities to make up their own tax policies as we go to try to deal with their economic problems? No, it's by the province of Ontario taking some leadership and saying, "Hell, we've got a role to play and we will take our responsibility." No, you don't have to go out and do all kinds of things for everybody, but you have to have the strategy in the province that applies to various industries in Ontario, and I'll submit through these estimates that you guys ain't doing that. For that, I cannot support what you guys are doing, especially in the role of economic development because, quite frankly, nothing is happening in that area.

**The Acting Chair:** You have two more minutes yet, if you want to waive it or —

**Mr Bisson:** Well, never waive two minutes when you've got it. That's the first rule of business.

I'd just say again that we understand in northern Ontario probably more than most other regions in the province of Ontario the role of government and how important it is to our economy.

Your ministry, sir, along with the Ministry of Northern Development and Mines, which I had the pleasure to serve as the parliamentary assistant for five years, played a key role in northern Ontario. If it wasn't for your ministry and it wasn't for northern development and mines, many businesses that are now operating as profitable businesses would not be operating today. In my riding alone, places like Malette Granite would not be in operation today had it not been for the initiatives of those two ministries.

For you to say, "We're going to cut all of the grants to businesses and we're going to take ourselves out of the face of business" ain't going to cut it. Yes, there are going to be a couple of winners. The larger corporations will win because they don't like competition. Large corporations by definition would rather have a monopoly. That's what it's all about. If they could buy up all their competitors and control the economy, they would.

What your policies are doing, in my view, is moving the balance of power to larger corporations at the expense of the smaller guy and the smaller businesses that are trying to eke out an existence within the Ontario economy. Doing what you're doing in economic development I'm afraid is going to lead to larger corporations getting richer and the little guy at the bottom trying to make a buck in a small business, or a medium-sized manufacturer trying to eke out a living is going to have much more of a difficult time under your government.

**The Acting Chair:** The minister now has up to 30 minutes to reply to the opposition parties.

**Hon Mr Saunderson:** First of all, I want to say that the statement I made at the beginning I felt was a general

statement, which I hoped would provoke discussion and I'm certainly glad to see that it's working.

**Mr Michael Brown:** Understatement.

**Hon Mr Saunderson:** I think it is important to get the things out on the table and I'm going to attempt to rebut just a little bit. First of all, people wonder and you say what are we doing? If you ask the business community what we're doing, they know what we're doing. I've been travelling a lot in Ontario — and by the way, business is important to this province, whether it's small business, medium size or big. I don't think anybody disagrees with that.

I look on this as a ministry of business and it's to be out there talking to businesses. I want to be able to meet with them on a regular basis, small, medium and large and I've been doing that once a month, I might say, in an informal setting. You learn a lot from talking to people. You learn their frustrations. I'm getting good messages from the business people. They like what we're doing. They say, "Don't blink" and we aren't going to, but they want to hear that. We have not had one request for any money since we got elected.

**Mr Bisson:** They know they're not going to get it.

**Hon Mr Saunderson:** That may be, but we haven't had any requests for money. But I might say they've got good confidence. Their exports are up and they think we're turning the corner.

I can just give you some examples of what I've seen and heard over the last few weeks, such as plant expansions and plant openings. I was at R. Schmidt auto parts manufacturers in Scarborough, a greenfield investment. It's been a long time since we've had a lot of greenfield investments in this province.

Morioku auto parts for Honda Canada located in Listowel — Bert Johnson and I were there. He's the member for Perth.

**Mr Bert Johnson:** Breaking ground next Wednesday.

**Hon Mr Saunderson:** Breaking ground so fast and that's because we relaxed the regulations and made it possible for them to get going quickly, Bert, and that's a testimony to you. But there's another example of confidence in Ontario. They will be supplying to Honda and we expect another announcement to come very shortly and then two more after that, all supplying Honda.

**Mr Bisson:** What's the name of that plant?

**Hon Mr Saunderson:** Morioku auto parts located in Listowel. The Eli Lilly pharmaceuticals plant has been expanded in Scarborough. This is a very high-tech, sophisticated operation creating 36 very high-technology jobs. Jim Brown was there with me when we had the privilege of being there to see that open.

Boehringer Ingelheim pharmaceuticals' expansion was announced in Burlington just two weeks ago; I was there. That's a result of my visit to their pharmaceutical operation in Germany, in Ingelheim, last February. They're coming because we told them what was happening in Ontario. They have now consolidated all their telecommunications systems for their operations in North America in Burlington.

Also, we were in Hamilton about three weeks ago to open a new multimillion-dollar initiative by Philip Environmental, which is a very sophisticated system for

scrubbing the stacks in the steel mills. That's something new. These things wouldn't happen unless people had confidence.

I was at Honda last week. I had the chance to celebrate their 10th anniversary with them and see a brand-new car roll off the assembly line. When we were in Listowel, by the way, we expedited many different applications for a location. We found the right one in Listowel. I think we did expedite things and I wanted to make that quite clear.

Then we also made a tour of the Weber mould and die casting operation in Midland last week and visited the International Research and Development Institute in Midland. That is a very good example of how government and the private sector can work together.

I have done a great deal of travelling, but it's not just travelling in Ontario. By the way, for those of you from the north, I have been in northern Ontario approximately five times since our election. I know the north quite well, Mr Martin. I think I told you I worked on the Algoma Central Railway when I was a high school student.

By the way, I might just comment about the situation in the Sault. Quite frankly, had, I think, our policies been in place instead of previous governments' policies, those companies would not have got into the financial difficulty they did. I'm talking about Algoma Steel, the paper mill up there, and Algoma Central, which actually was sold to United States interests and not, I don't think, helped by Ontario.

Anyway, all I'm saying is I have been throughout the province and I have always tried to meet with the leaders of the community, the business community particularly. They say, "Keep on doing what you're doing." I wanted to go on to other trips I have made outside Ontario.

I reported at the very brief estimates meeting that we had last winter that I had been in Europe, but since then I have been back into the United States. I have been down in Texas, in Houston. I took with us members of the petrochemical industry in Ontario. We took down Nova Corp. We took down Celanese Canada. We also had the president of the Ontario petrochemical industry with us. We had a chance to see also, when we were there, Exxon petroleum that is considering some new locations for plants.

The reason we went to Houston was we wanted to be sure that Ontario's going to get its fair share. When we told them what was going on in Ontario, they indeed were impressed. As a matter of fact, the gentleman who looked after the building of the addition to the Canadian Celanese plant in Kingston, Ontario, stood up and said, "This is why we did it in Ontario and not in the United States." We started roughly a year ago, and it was just a litany of all the good things that we have done in this province of Ontario and, by the way, eliminated from previous governments. That was proof positive. That made the Americans sit up and take notice, because there's nobody who is a better salesperson for this province than someone who's doing business in this province.

1700

We also went down to Mexico. The reason we went to Mexico was that, along with the United States and Canada, Mexico is one of the three countries that belong

to NAFTA. It's important for them to know that we have many ways that we can help them and they can help us. We talked about agricultural exchanges, we talked about educational exchanges, we talked about both of us understanding the big country that's in the middle of the two of us.

That was a very productive trip. It was so productive that we had two agreements signed while we were there: one to have a Mexican company work with an Ontario company in the very sophisticated mapping system that mining, as an example, needs; and we also signed a letter of intent or memorandum of understanding between our board of trade in Toronto with Banco Mex in Mexico.

Then we went to California. While we were in California — and by the way, we went with 10 Ontario-based high-technology companies, most of them from the Ottawa-Carleton region. So that's eastern Ontario being looked after. They told why they were in Ontario and had very productive meetings, and we had a very good seminar. I do think, by the way, that the best thing we can do when we travel is to have as many business people travel with us as is possible and to have seminars for Ontario people to be able to say, "This is why we're doing things in Ontario."

That is just an example of what we have been doing. Oh, I forgot one other trip, when we went down to Atlanta, and not for the Olympics, by the way, and also to Boston. It's amazing what you learn on these trips. We heard that 40% of the exports of Ontario wine go right into the Boston area. But we were told that we should come back to this province and get certain regions to promote themselves as good regions for American tourists to come to. We've done that. They suggested the Ottawa-Carleton region is a very special place historically in Ontario's history and in what's going on at the present time. We conveyed that information to the Ottawa-Carleton region. As you know, OC-EDCO is a very aggressive economic development operation there.

You said this ministry has no purpose. What I'm telling you is what we're doing, and it shows that we have a very big purpose. I could read you letters from the people who came with us on our trips, whether it was to Texas or to California, and they all say, "Thank you for organizing this; it was great for us." If you would like me to give you those letters, I'd be happy to do so.

One of the things that's important for the ministry is to represent the province at interprovincial and territorial meetings as far as economic development and business matters are concerned. Recently, I was in Winnipeg to talk at our first ever federal-provincial-territorial on the information highway. While we were there, we had a very good discussion among the provinces and the federal government of how we have to lay the groundwork for a proper information highway.

It's a form of infrastructure. When you travel abroad, as I have, or when people come to my office in Toronto and they ask, "What about our infrastructure?" they're not necessarily talking about highways or railroads and sort of the hard goods of infrastructure; they're also talking about telecommunications infrastructure, which is very important for companies if they're going to locate here. We're committed to encouraging scientific research



and technological applications, as well as sophisticated information highway infrastructure. It is so important for us to get that story out so that people will come here and take full advantage of the breakthrough benefits of high technology. It helps them run their business better, it helps them communicate back home, it helps them order, it helps them sell, it helps them run their business in general.

We've got in Ontario one of the most advanced computer networks linking schools, hospitals, universities, industry, small businesses and communities, and a lot of that has happened under our administration. But to be fair, it was there and happening before. But I think we have turned up the heat a bit more on it, and I think that's important.

I want to say, while I'm going through this whole process of estimates, that I'm not out necessarily to damn what has been done before. My point is that we are doing what we think is essential in this economic climate, and that's why we're doing it. For instance, we have established the telecommunications access partnerships, and that's a three-year, \$20-million initiative launched in August and announced in the budget of May 8 of this year. It's an example of our commitment to work in partnership with the private sector and with communities to expand the information highway and develop new and better ways to use it.

I think this is creating jobs and it's creating a better economic climate. This TAP program, as I will call it, reflects our efforts to bring people together through technology. What we want to make sure of is that there are no communities in Ontario that do not have access to telecommunications, because as you know, telecommunications can do much from a health point of view, from a business point of view, almost every aspect of our life. But to be able to communicate with people is essential. I'm thinking of electrocardiograms that can be done over the telecommunications system.

When we meet with all these sectors that I have met with over these last 15 months, they have said, "Ratchet up the infrastructure as far as telecommunications is concerned." That's why this TAP program has come along.

We've worked with Bell Canada. I was there at Bell Canada this morning at its seminar it held between its company and all levels of government. We had long talks with them about digitization of all of the telephone systems in Ontario. There still are a few, or were a few, really, that were old-fashioned wire plug-in boards. Those are fast disappearing, but now it means that everybody is on digital equipment, which is essential for proper telecommunications. I just wanted to touch on that information highway.

One thing mentioned in some of the statements after mine was what we were doing about science and technology at university levels. First of all, we're building a very hospitable climate for scientific and technological innovation. We have centres of excellence in this province which are second to none, and they are quite unique in the education field. We have spoken to many university presidents in this province. I spoke at Sir Wilfrid Laurier University last fall. I have toured the University of Toronto centre of excellence. I have spoken to Rob

Prichard, the president of the University of Toronto, Lorna Marsden, Marcel Hamelin at the University of Ottawa. These are people I know. They think we're doing the right thing.

The University of Ottawa is very close to me because I have worked with it from a fund-raising point of view and was fortunate to be honoured with a doctorate degree. So I'm not new to the university system and I want to say that as far as we are concerned, they are happy with what this government is doing.

Yes, there are changes in education. I'm not the Education and Training minister, but you did touch on education at the high school level. We go out and we say, as you mentioned the Premier has said, that we have a first-class education system. We want to make a better first-class education system. We want teachers who are monitored to make sure they're properly qualified. We want to make sure that our children are properly monitored so we know how well they're doing. That's what we were talking about with report cards, some sort of standardization there.

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When we were in California, we were told that because of one of their propositions which they voted for a few years ago, their education system slipped because they weren't keeping up to date and they were not monitoring how well their children are doing. I'm glad to know that in Ontario we are going to be monitoring how well our children are doing to identify learning problems and the like.

Also, I'm glad to see that we're going to go back and stream in our system so that the very bright, intelligent ones can move along at a level, and everybody else can move along at a good level. But we have to reward excellence, and that's what we're trying to do in this province, not only in an education way but also for a business way.

I think we, as Ontarians and Canadians, sometimes have a tendency not to champion our stars. The Americans do it very well. They're very patriotic. They are very quick to promote what they do well at. We could do a lot better job of that. I'm saying that for all Ontarians; no party's exempt from that. But I think we have to do something more to reward excellence and to champion our star people.

That's why we have a wisdom exchange, as an example, when we bring together 250 innovative growth companies. I might say, Mr Martin, that your government started the first wisdom exchange. We have built them up to be more than just once a year; to be three or four times a year, and not just necessarily in the Toronto region. This is an excellent system which brings these companies together. They share their wisdom.

I remember being in one of the meetings last year and I had the chance to listen in as somebody explained how you do exporting properly. This was just a small company, but this person from India became an expert on how to ship back to his home country. Other people were listening. That's the benefit of the wisdom exchange and we will be having one in December in the Ottawa-Carleton region, you might be interested to know. So that's, again, how we're helping eastern Ontario.

I wanted to talk about our core business in the ministry. We're really concentrating on four businesses. I might say that somebody said maybe we're cutting back too much with the bureaucracy. I don't think we are. I'd like to say that I think we're operating on a very slimmed-down but very efficient version. The previous minister in my ministry had a political staff of 34. I have a political staff of 10. I think we're leading by example by doing that.

I talked about cutting down from seven ADMs to four. That seems to have worked all right. We're still talking on a regular basis to all the business sectors. We've got tourism added to our ministry. That's an example of what this government's trying to do: It's doing more or better with less. I don't think we should ever lose track of that. That's why Frank Sheehan, who's with us today, is doing his Red Tape Review Commission.

We'd like to talk about the core business, and there are four new core divisions.

First of all, marketing Ontario: We are marketing Ontario as a place for investment and travel. That doesn't mean that just I'm marketing it or the Premier is marketing it or other ministers or MPPs who travel are; we want all Ontarians to market Ontario. Therefore, we will be announcing very soon our business ambassador program, or trade ambassadors. That means anybody who wants to in this province. We haven't got any fancy selection system here. Anybody who hears about this and travels somewhat will be a trade ambassador for this province.

We have kits prepared and they are available. One of the best pieces in the kit is Ontario, Canada: Doing Business in the Global Economy. This is an excellent booklet which talks about what is happening in Ontario. I could go through it for you, but quite frankly, it's the making of an excellent speech if you want to go out there and talk about Ontario, and that's what these people will do.

We're marketing Ontario as a place for investment. Obviously, we're doing that when we go out and we travel, but we market it as a place for investment by doing certain things in the Legislature. That's by making legislation such that we are getting out of the way of business. We're letting them do things and not be interfered with.

From a point of view of travel, we are working with the Canadian Tourism Commission. As you know, that's a partnership between the provinces and the federal government, and that is a useful way to get the private sector involved along with the levels of government.

Also, we have established, or we went along with what was already established I suppose is the best way to describe it, the Ontario Tourism Council which was established by the previous government, and we will be making an announcement about how we're going to proceed in that area very soon.

Anyway, we are working with businesses to remove barriers and improve commitment to investment, training and job creation. We're helping entrepreneurs, companies, sectors and communities to become more self-reliant and successful and we're supporting commercialization within the government to strengthen the economy.

I talked about our travel that we have made, the Premier and I and other ministers, but I can tell you that

we have to keep on doing more of that and it's very likely that we will be going to Japan in November to pick up on what the Premier did when he was there last winter.

I have told you that we have met extensively with the business leaders and the business sector organizations during our first 16 months in office, and last month the Premier and I met with leaders of the prestigious Keidanren organization of senior Japanese business executives. They were here to prepare a story which is their impressions of Canada, and specifically Ontario and Quebec and New Brunswick and Alberta. They are going to go back and they will write up what they saw in Ontario. By the way, they were very impressed with what they saw and what they know we are doing. They had done their homework very well, and that will be the book for the next few years for Japanese companies as they look for where they are going to do business. We made a good impression with those people and I thought we did our job very well.

I touched a little bit on tourism, but I wanted to give you some statistics. More than 100 million visitors spent over \$11 billion a year in Ontario in 1995. That generates direct and indirect employment for some 400,000 people, and tourism is the core activity of more than 28,000 businesses in Ontario. I know that you have many of them in northern Ontario who provide many wonderful resort facilities, particularly the wilderness experience for many Japanese, American and German tourists.

I had a chance to visit one of those camps — I visited two really —

**Mr Bisson:** Which ones? Give me names.

**Hon Mr Saunderson:** Minimiska Lake, which is on the Albany River, which flows into James Bay, as you know. They pointed out to us their problems and their concerns and basically it is to try to find some balance between the logging industry and their own resource-based tourism industry. It was very factual. I have flown many times over the north in my previous life, but I did enjoy the chance to get out there and see the fact that a number of the logging roads were being left as logging roads, even after all the trees were gone, and I certainly feel, in fairness to the resource-based tourism industry, that those roads should be plowed under and replanted.

Anyway, that's a bit of a sidebar on the resource-based tourism industry, but it is a very important industry in northern Ontario, and I intend to keep going back there. I was at their annual meeting, the NOTOA annual meeting, last year, and it is now coming up again at the end of October in Sudbury.

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It is an important industry. It is our fourth-biggest export, the tourism industry, and I'm happy to say that during the first eight months of 1996, the number of overseas visitors to Ontario increased by 9% over the same period of last year. As I say, our key markets for external tourism are the UK and France and Germany and Japan. Those markets showed increases ranging from 2% to 24% in the first eight months. So we're making inroads with new and fast-growing markets as well. I'm happy to say that Japan tourism is up 13% and the volume of travel from Taiwan has increased by more than



35%. In that connection, I think we can look forward to more of that happening. One thing we do have is a partnership with government and the private sector, particularly in Germany and Japan and England.

To boost our competitiveness as a tourism destination and to capture an increased share of the \$3.4-trillion worldwide tourism market, we're focusing key strategies on strategic planning and marketing analysis, advertising in the United States and overseas markets, retaining the services, as I've mentioned, of locally engaged firms in the UK, Germany and Japan.

Most important, we're trying to work with the tourism industry to leverage spending through partnerships with the private sector. We've all seen the tourism maps for various areas. The best kind of map to see is one that's got a lot of sponsorship from local hotels or tourist facilities, because that's helping the community.

We're working with business to remove barriers and renew investment, training and job creation. We know that businesses are working hard to reduce their costs to compete in an increasingly global market, so the last thing they need are costly, time-consuming government regulations. As I say, I meet regularly — I try to do it once a month — to talk to Ontario business leaders to seek advice about how to eliminate the red tape and the overly bureaucratic procedures I've already mentioned.

The summer was a good chance to travel for me. I spent a lot of it in the Ottawa region and in southwestern Ontario, to name just two areas, and I've already mentioned the north. So as you can see, I have tried to get around not only to see tourism facilities but also to talk to business people.

As you know, one of the first concrete steps of our new government was to form the Red Tape Review Commission, which we've talked about, and people are extremely happy that is in place. We are now seeing some of the regulations eliminated which were causing great frustrations to business.

We want to encourage self-reliance and success with business people, and I just want to go through some of the things we have done. We have eliminated the employee health tax for 80% of all businesses in Ontario. That's on the first \$400,000 of payroll. We've eliminated the self-employed health tax on individuals, reformed the Labour Relations Act to restore a labour-management balance in the workplace, and repealed the Employment Equity Act. We are reforming the Workers' Compensation Act. A lot of these things were going to happen, but it was very good to have the input from the business community to make sure that we pushed through and did what we said we were going to do.

As you know, we've frozen hydro rates for five years. I've talked about the innovative wisdom exchange system that we've got in place.

Coming to the last part of the notes I was making, we want to support commercialization. It's the last of our four core businesses in our ministry. We examined all of our agencies, boards and commissions to improve their financial self-sufficiency and to encourage more businesslike operations. There's the St Lawrence Parks Commission, the Niagara Parks Commission, the Ontario Lottery Corp, the Ottawa Congress Centre, the convention

centre here. These are examples of our agencies, boards and commissions. What we are trying to do with these, and I know there was discussion in the House today about parks, is we think there are ways that the private sector can work with these crown agencies, boards and commissions.

Lastly, as I only have a very short time, we are very pleased with the way the Ontario Casino Corp is operating in Ontario. As you know, Windsor is working very successfully with two casinos and we opened a new casino in Orillia, Casino Rama, in July. The Niagara Falls casino will be up and operating by the late fall, before winter. This is injecting hundreds of millions of dollars into each of those regions that I mentioned and it's helping tourism in a great way.

We welcome the opportunity to discuss our work with the members of the committee. We have now made our statements and I'd just like to say that all ministries did business plans for the first time under this government. This plan, the plan for MEDT to which I've been alluding, is the first time this ministry has developed such a plan. How quickly some of you have forgotten this, because you ask what we've been doing. I had no trouble speaking for 60 minutes. I could go on for 120 minutes telling you what I've done.

**The Acting Chair:** Thank you, Minister. We have a 15-minute rotation now, starting with the official opposition.

**Mr Michael Brown:** The minister did a good job of speaking for 60 minutes and we are no more enlightened now. He did not respond, I don't think, to a single issue that we talked about.

I would like to ask the minister directly what I've already alluded to in my opening statement. I would like to ask him about slot machines in Ontario that this government and his ministry are in charge of. I wonder (a) why within six weeks of the government denying any knowledge of slot machines being introduced to the province of Ontario, we had them introduced; and (b) why he is not concerned with the organized crime that we are hearing about in the Legislature being associated with such machines in other jurisdictions.

**Hon Mr Saunderson:** Fine. I'm happy to respond to that. Last year when we had the estimates debate, I said that "to date the decision of the government is that there will be no VLTs. We keep all the doors open, as I've said many times, but to date there's no different decision on VLTs."

I think that was very true then. We were keeping the doors open and we eventually decided that we would implement VLTs. So I think I answered very honestly at that time. But I can tell you that we think that VLTs, as they're now called —

**Mr Michael Brown:** Slot machines.

**Hon Mr Saunderson:** You call them what you want.

**Mr Michael Brown:** That's what everybody else calls them.

**Hon Mr Saunderson:** VLTs. If they're implemented within tight regulatory controls and in limited access environments, we think they meet a legitimate entertainment demand and they provide additional resources for charitable organizations across the province. The intro-

duction of VLs is in part a response to the tourism, hospitality and racetrack industries, who came to me and made inquiries about it. They were telling us that the VLs would help them compete with other jurisdictions that have a wide range of gaming and entertainment choices.

I think times have changed in this province and in this country and around the world. People have been going to the horse races for years and gambling. So for people to say that gambling is something new in this province is not right. We're certainly committed to consulting with those involved in other charitable gaming regions and with other stakeholders to determine the fairest way to distribute the funds to charities.

I think the province will experience a win-win situation. We have the experience of other jurisdictions to go by and we have been in consultation with them. I think this will ensure that there will be a proper implementation of video lotteries on sound business principles and we will be obtaining external advice from an expert which we will be able to announce as soon as a contract is signed with this organization to go out and find the best way to implement the VL system.

I'm fully confident, in response to the question, that the regulators and the police are doing their job well and will continue to do so. I think we're going to make VLs legitimate, legal and aboveboard. We've got at least 20,000, we are told, illegal VLs underground, and that's doing the community no good. So we're going to bring them out of the closet, so to speak, and I think this is the right way to do it.

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**Mr Michael Brown:** You know, however, that according to the chief, I guess, of the Metropolitan Toronto Police, they believe the introduction of legal slot machines will increase the number of illegal machines in the province of Ontario, not decrease it. That's what the police say.

**Hon Mr Saunderson:** Our advice is that this is the way we should proceed. Frankly, it's interesting to note that crime is down in Windsor since the casino opened.

**Mr Michael Brown:** That's a casino. That is a controlled environment. This is not every corner of the province.

**Hon Mr Saunderson:** Now wait. You must realize that this will be a controlled environment.

**Mr Michael Brown:** How so?

**Hon Mr Saunderson:** The VLs will be available only in licensed premises, apart from the racetracks. They will be usable only by people of drinking age, which is 19. I think that if there are violations of that by the people who have these VLs on their premises, they will lose those machines and they will lose their liquor licences as well. That's the reason they have put together the liquor licence and the gaming bills under one new bill, which has I think now been passed.

I think people are saying things that aren't true about the VLs. I'm pleased that one of the benefits is that the charities in this province are going to benefit dramatically and receive a lot more than they ever received on these roving charitable gaming events.

**Mr Michael Brown:** You're mixing a number of issues. I think we find it tremendously troublesome when

there are police reports that we are not permitted to read and there are police reports that are public that are saying exactly the opposite.

To be clear, these will be available, as we understand it, in every licensed establishment in the province of Ontario, and you can go to very few even small hamlets where there aren't a few. So literally they'll be in every neighbourhood in the province of Ontario.

I think what the police are indicating is that the kind of surveillance and manpower that would be needed to monitor properly the slot machines in all those areas is just not possible or likely and that the big winner in this is not the restaurant owner or the local bar owner, although I agree that some of them will see some benefit, nor the charities who will get 10% of the take. It is the Treasurer, the Minister of Finance in this province, through considerably increased gambling revenue.

I'm just concerned, as I think all of us are, that the government is withholding information that they know full well exists. Other jurisdictions — for example, British Columbia has released some of this information that they have. In Ontario we have an opportunity, if we're going to do this, to do this right. But denying that there are problems, denying that there are police reports, is not going to be a good way to proceed.

I think the Ontario Lottery Corp, for which you have responsibility, is going to be up against some criminal elements in the communities. We're told organized crime invades various establishments that have these particular machines. We at least should be looking at all the information that's available. We can't just deny that it exists, and that's what presently is going on.

A precise question that I think you raised: You talked about hiring a consultant. We would like to see the proposal call for that consultant to know that it has been done in an open way so that the study for the Ontario Lottery Corp is open and done according to normal public standards.

**Hon Mr Saunderson:** As I said before, we're confident that we're doing this in a careful, prudent manner, and it's going to be carefully regulated and monitored. We have no instance that we can recall of any of the underworld, if you want to call it that, getting involved in the casinos. So far, things have been very well done, and we're confident that we can do as good a job with the VLs in all of the locations we've talked about.

**Mr Michael Brown:** Except the police appear to have a different view.

**Hon Mr Saunderson:** I can't agree with that. I don't think all the police — I think there was one report made, and that's what is —

**Mr Michael Brown:** Could you tell me about the proposal call for the implementation?

**Hon Mr Saunderson:** I just want to mention about the report that you've been referring to. It was commissioned in 1995, and as far as I was concerned there was one glaring error in it because it said that one of the Ontario Lottery Corp games, which was called Sport Select, could be subject to manipulation.

When my ministry called up the author of the report, he said he wrote that it's possible that it could happen. He picked up and said that was just an example. But the



way it was reported in the newspapers, it made it look as though there was something going on there. That report is a bit overblown, in my opinion.

**Mr Michael Brown:** So you've read that report.

**Hon Mr Saunderson:** I haven't read the report other than —

**Mr Michael Brown:** Your ministry's read the report.

**Hon Mr Saunderson:** Somebody called up from my ministry and asked that question: "What about the Sport Select?"

**Mr Michael Brown:** So your ministry hasn't considered the report.

**Hon Mr Saunderson:** As far as I know, the ministry has not read this report, but they did call to get a clarification on that, and there's no reason why we should have read the report. Our job is the implementation of machines, but not the watching over or the policing of them.

**Mr Michael Brown:** What about the proposal call?

**Hon Mr Saunderson:** What we did is we spoke to consulting and financial companies that had expertise in this area. We invited them to respond if they wanted to take a look at the implementation.

**Mr Michael Brown:** Can we have a list of those companies and corporations?

**Hon Mr Saunderson:** I think four companies responded. We could look into that. We'd have to come back to you later on in the process.

**Mr Michael Brown:** Can you provide us with the list of who was invited to make proposals?

**Hon Mr Saunderson:** We'll come back and answer that at a later time, but I want you to know there were four companies and we asked them to respond to us.

**Mr Martin:** I appreciated some of the comments that you made in response to some of the statements that I made and some of the challenges I placed in front of you, recognizing —

**Mr Wettlaufer:** They weren't challenges; they were errors.

**Mr Martin:** We all have our interpretation of the facts, don't we?

You did, Minister, and I appreciate it, give some credit and recognition to some of the work that was done previously by governments who with all good intention attempted to foster an environment in this province that was conducive to an economy that was positive and growing. I would suggest to you that some of what you're reaping today and taking credit for is a result of a lot of that. My concern is that the infrastructure that was put in place that we invested in that you no longer continue to invest in the same way will down the road have some negative implications.

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What concerns me as much as anything is some of the information that you're presenting and the way that you're interpreting it and the view of it that you obviously hold close to your heart, the revisionist understanding of for example what happened in Sault Ste Marie and the ACR, that it was simply sold to an American interest and that was it, without recognizing that — and this is an example of the way a government can work hand in hand with industry to make sure that we protect some of the

very valuable infrastructure that could disappear if we simply left it to the whim of the private sector.

In Sault Ste Marie, the Algoma Central Railway, when we came to power in 1991, was bleeding to the tune of about \$10 million a year. We propped it up for about two, three years and decided at that point that we couldn't do that any longer. The ACR didn't want to continue down that road, and the communities that were served by that operation weren't happy with the tenuous position that it always put them in. Certainly, the workers who hadn't had an agreement in two or three years were not happy either. Nobody was happy with the circumstances.

So we pulled together, everybody. I remember because I chaired the meeting up in Wawa where over 100 people sat down and looked at this whole situation and together came up with a plan that we then executed that, yes, saw at the end of the day, us bringing into the equation an American operator because at that time there weren't very many people interested in the ACR because the way it was running at that point in time just wasn't profitable.

But Mr Burkhardt, who owns Wisconsin Central Railroad, expressed an interest in that operation and came to the table with the government and with the union. One of the rules that we laid down in the whole negotiation that went on, and it was lengthy, and the government played a major role — your interpretation of this was the government wasn't involved at all. I suggest to you that if it wasn't for the government, we would have no ACR right now running between Sault Ste Marie and Hearst. It would've disappeared because it was just not profitable.

We brought Mr Burkhardt to the table. We brought the communities to the table. We brought the workers to the table. We said, "What do we all have to do here to guarantee a future for this very important piece of infrastructure?" At the end of the day, a new agreement was negotiated between Mr Burkhardt and the ACR re the acquisition of the rolling stock, a new agreement was reached between the workers and Wisconsin Central and the ACR around new ways of paying people, new rules on the pension plan, that saw then this company turning the corner and, in the last several quarters in Sault Ste Marie, declaring a profit and in that way contributing very much to the economic stability of that whole corridor, Sault Ste Marie to Hearst, and contributing in a major way to the continued success of the other infrastructure, because it's all connected. Nothing operates in a vacuum. It's all integrated, particularly in the north, and I would suggest probably in the south too.

You made the comment, Minister, that under an environment that your government would have created, Algoma Steel and St Marys Paper and the ACR would not have got into the trouble that they did so that we needed to actually move in and assist in their restructuring.

**Hon Mr Saunderson:** I said that in the better economic climate that we're producing that wouldn't have happened.

**Mr Martin:** Could you describe that climate and how that would be?

**Hon Mr Saunderson:** Sure, I'm happy to, because first of all, I just think government interfering with

business doesn't work and I can give you one glaring example that we're all suffering from ever since it happened and that's the OBI, which was a deal that was basically signed just before or just after the election, and it's not good. I'm going to go back, though, and tell you about —

**Mr Martin:** Excuse me, Mr Chair, if I might bring the minister back to the issue of Algoma Steel, not the OBI.

**Hon Mr Saunderson:** Sure, yes, I'm happy to do that. What our ministry has done over the last 16 months is that we've gone out and we've talked to all —

**Mr Martin:** Mr Chair, the question I asked was, what is this environment that would have seen Algoma Steel, St Marys Paper or the ACR not get themselves into the trouble they did so that it would have to be responded to —

**Hon Mr Saunderson:** You alluded to my sense of decency and fair play, and I'm going to ask you to just let me tell you what I see is the right way to handle things like that.

First of all, I think you have to establish relations with the financial community. You have to have established that — it doesn't happen overnight — and you've got to say to the financial community, "Look, if we're giving you the business climate that you want so that you can do well," whether it's the banks or whatever, then I say to those people, "Look, you've got to be more cooperative and more forthcoming to help out in difficult situations from time to time," providing they're financially viable.

Therefore, I now have, I think, the right relationship with the financial community. I'm not saying that only I could get it. It's easy to get, provided you go out and you talk to them and you don't shun those people. I shun no one in the business world — most of all unions, by the way. I spent a lot of time working with the union movement in my business. You want to foster as good a business climate as you can, and that's having access to the financial institutions, being able to go to them and say, "Look, we've got to resolve certain things, as long as a company is viable."

We're not sure if some of those companies that you've talked about, in the long run, are going to be viable, but they are at the present time, and that is good. But what I've tried to accomplish in my first 16 months here with the people in my ministry is to build up the confidence of the business community who will come into those situations that you're alluding to and try to give their expertise and to help out. But I don't think there's anything that does it better than a proper business climate. That is the best way to keep businesses from getting into difficulty.

On the other hand, I don't think you should prop up businesses that are going to fail in the long run. I think that's what's happened in the past. It was going on for many years, by the way, long before we were elected. I'm talking many years, because we all thought the bubble would never burst. The fact is, governments were not putting things away for a rainy day, and that goes back a long way too, of all parties in all provinces and at the federal level.

But sooner or later it happened. We had a recession in the late 1980s and into the 1990s, which we're coming

out of now. It was somewhat worldwide as well. But I think it is far better that you put funds away when times are good, you pay down your debts, you get your financial position strong, so that when times get better you can take advantage of the good times.

I think a lot of it is getting the business climate right, and I think that's what we're trying to do. I hope that's answered your question. But I think we — my ministry — have to go out there and work with all people in the business community, whether it's the banking system, whether it's the unions, whether it's the management, owners, you name it, and the universities etc. We have to work with all those people in my ministry, and we're trying to do that. People say, "What have you been doing for 16 months?" Look, we've been doing our work quietly. By the way, I don't play golf, so I don't have a chance to talk on the golf course; I'd much rather talk in the boardrooms, and that's what I've been doing.

**Mr Martin:** You haven't answered my question and you've come back with a very simplistic approach in a very complicated situation. It just isn't helpful.

I heard you also say something that rather disturbed me, and I'd like to hear you talk about it a little further. You suggest that Algoma Steel and St Marys Paper and ACR are not going to be viable in the long run?

**Hon Mr Saunderson:** No, I didn't say that.

**Mr Martin:** That's what you said.

**Hon Mr Saunderson:** No, I did not. I said —

**Mr Martin:** You did so say that. We'll check in Hansard tomorrow.

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**Hon Mr Saunderson:** I said we don't know what companies are going to be viable in the long run. Do we?

**Mr Martin:** No, you suggested that these companies —

**Hon Mr Saunderson:** You can't pick winners and losers.

**Mr Martin:** Well, we'll see. You're obviously picking these as losers, because —

**Hon Mr Saunderson:** No, I am not. I know Algoma Steel very well.

**Mr Martin:** — in your perverted view of the world, the government —

**Hon Mr Saunderson:** That's not fair to say that, "perverted view of the world." I think if the Speaker was here from the House, he'd ask you to retract that statement.

**Mr Martin:** You said a couple of minutes ago that Algoma Steel, St Marys Paper and ACR were propped up by government dollars, and they weren't. They weren't. You don't know and you don't understand what happened there.

**Hon Mr Saunderson:** What do you mean, I don't work?

**Mr Martin:** I didn't say you don't work; I said you don't know and you don't understand what happened at Algoma Steel and St Marys Paper —

**Hon Mr Saunderson:** Yes, I do.

**Mr Martin:** No, you don't. I know by the comments you're making you obviously don't.

**The Acting Chair:** Mr Martin and Minister, let's not get into an argument here. Speak through the Chair —



**Mr Martin:** A few minutes ago he suggested, and I'd like to get it on the record here, that he didn't think —

**The Acting Chair:** — and ask your question and the minister will answer.

**Mr Martin:** — that Algoma Steel, St Marys Paper and the ACR are viable entities.

**Mr Bert Johnson:** No, he did not.

**Hon Mr Saunderson:** I did not.

**Mr Martin:** Well, let's look at Hansard tomorrow and see what he did say, Bert.

**Mr Bert Johnson:** You keep repeating it enough and then you'll believe it.

**Mr Martin:** No, no. We're going to look at it tomorrow and come right back here and we'll talk about it a bit more because that's a terrible thing for the Minister of Economic Development and Trade in this province to be saying about companies that are very viable right now and will be in fact some of the foundational pieces upon which the new economy in this province will be built. That's disturbing, Minister.

**Hon Mr Saunderson:** I think what you should understand is that I said governments cannot pick winners or losers. Nobody can do that. If that was possible, everybody would be very wealthy. I want to get that on record. I did not say that about those companies.

Anyway, we're talking about those companies. Isn't it good that they're doing well, and long may they do well. I'm just saying you cannot predict what will happen to companies and that's the point I was making. But there are many very good success stories in Ontario and I've outlined some of those in my remarks earlier today. As I say, I expect them to happen.

There is a very good feeling out there about Canada and about Ontario. Somebody said about interest rates, and it was from the Liberal side, that we could not take credit for the interest rates. We can take some credit for the interest rates coming down —

**Mr Michael Brown:** I think I said that.

**Hon Mr Saunderson:** Okay. Then I acknowledge that. But I think that the very fact of what's happening in the country is that people are now saying: "We cannot spend, spend forever. We have to get our fiscal house in order." We're part of that movement in Ontario and we're proud to be part of that movement.

But what happens is that word gets out around the world of what's happening in Canada, what each province is doing. Read the article in the Globe and Mail today when they talk about how people say Canada is turning. Well, we're helping it turn in Ontario, and all of a sudden people are saying, "My gosh, the Canadian dollar, maybe it's going to go to par with the American dollar." Wouldn't that be something if that happened? I don't think that's going to happen in the near future, but that's what they're talking about.

**Mr Martin:** I'll tell you, there's a lot of industry in this province that'll be negatively impacted by that —

**Hon Mr Saunderson:** Well, what people are saying, things are happening in this country through the provinces like Ontario that are giving us a fine reputation around the world as a good place in which to do business. It's predictable. No more legislation coming in that's just going to frighten business away from Ontario.

**Mr Martin:** I'd like my two minutes.

**Hon Mr Saunderson:** The deficit reduction that's going on in Ontario is a classic example. Now everybody's catching religion here on deficit reduction. The federal government is doing it and the provinces are doing it. We're part of that and we're proud to be marching along with those other governments.

**Mr Martin:** It's because of your silly tax break —

**Hon Mr Saunderson:** No, no. I'm sorry. Please don't call the tax break a "silly tax break" because the tax break is so essential to —

**Mr Martin:** If I might, Minister, because it's my time here —

**Hon Mr Saunderson:** Is it your time or my time?

**Mr Martin:** You're going on forever and you're off on a tangent and —

**Hon Mr Saunderson:** Well, I don't know about that.

**Mr Martin:** Well, you are. So I'd just like to —

**Hon Mr Saunderson:** You were talking about our silly tax break, and that has nothing to do with what you're talking about about competition.

**The Acting Chair:** Tony, do you have a question?

**Mr Martin:** I have a question, yes, because it reflects the misinformation and the misunderstanding that this minister has of the foundation upon which the economy of this province is built and some of the difficulties that the economy faced in the 1980s and into the early 1990s in Ontario.

I'll share with you a very difficult meeting I had shortly after I got elected to this job with the then owner and executive officer of St Marys Paper. He was going under; he was bleeding to death in an environment that was very much of a free market nature, and he blamed directly the level of the dollar at that particular point in time, which Mr Mulroney and the federal Tories were trying to keep unrealistically high, and he was also suffering big time because of the high interest rates at that time. Nothing to do with government intervention or a union problem or any of those kinds of things. It was the free market system at its best that was destroying that particular enterprise. That in fact is the story.

**Hon Mr Saunderson:** All I know, in response to Mr Martin, is I have read excerpts from Mr Rae's book and I can tell you that if I was a member of the NDP, having read that book, I'd be pretty ashamed of what they did to him and how uncooperative they were in situations that you were referring to. I think Mr Rae was hard done by by his party and that's what you're talking about here.

**The Acting Chair:** We have to adjourn until Tuesday afternoon.

*The committee adjourned at 1756.*











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\*Mr Gilles Bisson (Cochrane South / -Sud ND)

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Mr Peter Kormos (Welland-Thorold ND)

Mr E.J. Douglas Rollins (Quinte PC)

Mrs Lillian Ross (Hamilton West / -Ouest PC)

\*Mr Frank Sheehan (Lincoln PC)

\*Mr Wayne Wettlaufer (Kitchener PC)

*\*In attendance / présents*

### Substitutions present / Membres remplaçants présents:

Mr John Hastings (Etobicoke-Rexdale PC) for Mr Clement

Mr Jean-Marc Lalonde (Prescott and Russell/Prescott et Russell L) for Mr Cordiano

Mr Tony Martin (Sault Ste Marie ND) for Mr Kormos

Mr Bert Johnson (Perth PC) for Mr Rollins

Mr Bill Vankoughnet (Frontenac-Addington PC) for Mrs Ross

**Clerk / Greffier:** Mr Franco Carrozza

**Staff / Personnel:** Mr Steve Poelking, research officer, Legislative Research Service



# Legislative Assembly of Ontario

First Session, 36th Parliament

# Assemblée législative de l'Ontario

Première session, 36<sup>e</sup> législature

## Official Report of Debates (Hansard)

Tuesday 22 October 1996

## Journal des débats (Hansard)

Mardi 22 octobre 1996

**Standing committee on  
estimates**

**Comité permanent des  
budgets des dépenses**

Ministry of  
Economic Development,  
Trade and Tourism

Ministère du Développement  
économique, du Commerce  
et du Tourisme

Chair: Alvin Curling  
Clerk: Franco Carrozza

Président : Alvin Curling  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON  
ESTIMATES

Tuesday 22 October 1996

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Mardi 22 octobre 1996

*The committee met at 1536 in committee room 2.*MINISTRY OF ECONOMIC DEVELOPMENT,  
TRADE AND TOURISM

**The Chair (Mr Alvin Curling):** I call the estimates committee to order. Just to deal with a couple of house-keeping items, the Ministry of Health has an hour and 29 minutes remaining. We had a letter from the chair of the Health Services Restructuring Commission that they'd be here to make a presentation at 3:30 pm on Wednesday — that is, next week. Also, I have a letter from the minister. He said he'd be here also for that time. It's just a matter of notification that was confirmed by both. That is in regard to health.

In regard to the present estimates before us of economic development, trade and tourism, there are 12 hours and 44 minutes left. We're going to ask for unanimous consent for early adjournment at 5:30 this afternoon. Have we got the consent? Fine.

When we left off last week — I understand the rotation would now be in the hands of the Conservative Party. Do they wish to lead off? Fifteen minutes' rotation.

**Mr Frank Sheehan (Lincoln):** Do you have updated figures for those figures in this book? This is all history — 1995-96, 1994-95, and I've got some pages of 1993-94. Am I missing something?

**Hon William Saunderson (Minister of Economic Development, Trade and Tourism):** Could you ask specifically your question again? I didn't hear it.

**Mr Sheehan:** My question is, what's the relevance of these figures?

**Hon Mr Saunderson:** I think the clerk should have given you the updated ones, Frank. I think Mr Wettlaufer asked this same question last week. I think that's the old one. I don't know why you haven't got the new one, Frank.

**The Chair:** The clerk would like to make a comment.

**Clerk of the Committee (Mr Franco Carrozza):** The first document that you have received was sent to every member of the committee when it was first received from the government House leader. The second document, the clerk does not have a copy. It came from the ministry to the members directly. It did not come through me, so I cannot help you in that case.

**The Chair:** Is it the wish of the committee to have documents available?

**Mr Brian Wood:** We filed with the House leader. Our instructions were to file with the House leader; then they move them across to the clerk. So if the copies are missing, we simply will go back and generate copies right now. That seemed to be the confusion of last week. They were all filed on the day they were supposed to be filed,

in our instructions to the House leader, and they turn around and give it to the clerk.

**The Chair:** You have to speak into the mike. Just identify yourself and speak into the mike, please.

**Mr Wood:** It's Brian Wood, the assistant deputy minister of corporate services and agency relations. We filed on the date — I can't give you the specific date — the ministry's estimates for 1996-97. They were filed to the House leader's office, and our instructions were that they would be provided to the clerk. Now, if something's obviously not correct and the estimates books are not here, Diane will go across and definitely get copies printed as we speak and get them across here within the half-hour.

**The Chair:** Could we have that, then? It seems to me the request —

**Mr Monte Kwinter (Wilson Heights):** On a point of order, Mr Chair: Just so I understand, is the book we're talking about that is not here different from what's in here?

**Mr Wood:** No different; it's the same book.

**Mr Kwinter:** It's the same book. I don't understand why people don't have this book, or was that just provided to the critics?

**Clerk of the Committee:** No, every member of the Legislature has a book like that.

**Mr Kwinter:** This one has the figures?

**Mr Wood:** Yes, that's the book.

**Mr Kwinter:** Okay, that's fine.

**The Chair:** But Mr Sheehan is not talking about that book.

**Mr Wood:** The only difference, Mr Kwinter, is that in this one we go with detailed program descriptions. This actually has the financial statements. That one has a description of the activities.

**The Chair:** Could we have a copy for each member, then?

**Mr Wayne Wettlaufer (Kitchener):** I have one.

**The Chair:** You have?

**Mr Wettlaufer:** Yes, a couple of us have it. What happened was, they were distributed at the opening of the meeting last week, but Frank wasn't here at that particular meeting.

**The Chair:** I would ask that we get a couple of copies, maybe 10 or so.

**Clerk of the Committee:** You were the only one who got it.

**Mr Wettlaufer:** I was the only one who got it?

**Clerk of the Committee:** Yes.

**Interjection:** No, I got one.

**Clerk of the Committee:** I didn't get it.

*Interjections.*



**The Chair:** Order. Could we just proceed, please? You have a copy and you can proceed, Mr Wettlaufer.

**Mr Wettlaufer:** Minister, relating to tourism in particular, I've noticed whenever I pick up magazines, and I do a fair amount of reading, that many areas in North America will attract writing by professional writers, without having to pay those writers, on the advantages of a particular area. For instance, two weeks ago I picked up a magazine, and I don't even remember which one it was; it was one of the Canadian magazines. Virginia had an article in there written by a Canadian writer outlining the beauty of Virginia in the fall, the colours. I thought, it's very interesting. We have far more colours in Ontario than they have in Virginia, and yet we aren't promoting, through private means, the beauty of our province. I was wondering if there is any intention on the part of the ministry to use that means of advertising, which wouldn't cost the province a cent, rather than increasing our own expenditures through direct advertising.

**Hon Mr Saunderson:** First of all, Mr Wettlaufer, we do generate articles like that. There was a trip we made to New York last year, in April, and the purpose of it was to go and meet with the media from the United States travel magazines, and also newspaper sections on travel. As a matter of fact, last year Ontario hosted the dinner at this marketing event. It was very successful, I might say. All of the provinces were there, so we were part of the teams, and Ontario had one of the biggest contingents there. I had a chance to discuss Ontario or meet some of the writers who were circulating around the various tables set up by the provinces. Ontario had a floor space about half the size of this, I guess, in which various regions of Ontario had set up desks.

The Niagara Peninsula was one, I remember well; the Peterborough region. I was shown an article that was printed in the Detroit Free Press a year ago, and they used it as an example of just how good the results were that we got from being at this event. It was basically in the travel section of the Detroit Free Press and talked about how easy it was to get on Highway 401 and get to Peterborough and subsequently the locks and into the Great Lakes system. That was a good example of what we are doing, and in fact we bring people up to Toronto. They have these fact-finding trips, and a lot of the travel agencies bring their people up and we can cooperate with them.

We were very helpful as a ministry when dealing with the National Geographic because, as you know, it came out with a big article on Toronto. We talked about that today in question period. Monte said he looked forward to talking in estimates about this. There also was, of course, the article in Fortune magazine, and we were helpful in getting those articles produced.

From time to time, we pay to invite journalists here to look at our facilities. As a matter of fact, this previous weekend there was an article in the New York Times travel section about the colours in Ontario. That came out of information that was provided by our ministry to the New York Times, and if I recall, it talked about the Muskoka region and how the colours were much better here because we're further north and that type of thing. So yes, we do cooperate to get articles like that.

The last event that I talked about was in New York City, and my deputy has indicated to me that the next meeting will be out on the west coast, probably in Los Angeles. This year, we intend to be there. Those things are called tourism marketplaces and they are indeed excellent events to attend. As I say, we sponsored the dinner at that event, so we were the host province. The cost was negligible when you think of the benefits you get. We also showed a movie that we had designed, and that went very well.

You might also like to know that we had during the summer — it was shown in early July — a video. It's the marketing video channel, and it was a chance for us to get some great free publicity for the province. It went into all regions of the United States. It's called QVC Home Shopping Channel, and we generated from that over 440,000 sales in 18 Ontario-based companies that advertised, that were able to show their goods for free on this television show.

#### 1550

I'm happy to say I had a chance to give the opening introduction to this. I talked about Ontario and what we have to offer here and a little bit of our history, and there was a video shown at the beginning of this. But 50% of those 18 companies that had their products reordered have been retained for future QVC programming, so it certainly worked for us. That's the type of thing that we're looking for always, to get those what you might call freebies as far as marketing Ontario, not only our goods but our tourism facilities as well.

The cost, by the way, of that television show, as far as we were concerned, was \$19,700. I shouldn't have said it was completely free. There was some cost to us to put ourselves in a proper light.

**Mr Toby Barrett (Norfolk):** You mentioned the goal, in part, of this ministry to market Ontario, and of course, you are rubbing shoulders with entrepreneurs and startup businesses and the private sector. The other reality is our requirement to balance the books, and there's going to be pressure put on this ministry again this year to cut back on expenses.

My question relates to — I would like an explanation of any opportunities within the ministry to gain non-tax revenue. What opportunities are there? Given the close relationship of this ministry with the private sector who are providing the service, it must be worth something. In the long run, it's worth something to the province, because jobs certainly enhance tax revenue to government. But what opportunities are there, whether it be fees, royalties, arrangements, fees from some of the parks commissions, for example, if they are in some cases or in some areas turning a profit, to have an input on the other side of the ledger and to have this ministry bring money into government, very simply?

**Hon Mr Saunderson:** The best and most profitable, I guess, and really only profitable tourism facility that we are involved with is the Niagara Parks Commission. We all know that the Niagara district has a great deal to offer apart from the Niagara Parks Commission itself. Therefore, we have worked very closely with them to try to get them to maintain quality as far as items that are sold, packages they make, facilities they offer, like the bus that

runs completely through the Niagara Parks Commission roads.

We've also encouraged them to come up with new facilities that attract tourism, and they will be announcing and I will be opening a new facility, an indoor butterfly emporium, I think it's called, and I'm told every breed and kind of butterfly will be in that emporium. This is a great drawing card for people, naturalists and the like. So this is an example of what we're trying to do over there.

Also, as you know, if you've got a region that has one of the seven wonders of the world in it, you want to play your strengths. The Niagara Parks Commission has always been a moneymaker for the province of Ontario, and I think it's a natural thing that it should be, but I've always felt that it can always do better. That's why we're trying to encourage these new facilities.

As you know, all the gardens in the Niagara Peninsula park are maintained by the students at the college. This I think is one of the great gifts that the government of Ontario has always made, regardless of party. They have given this excellent training at a very reasonable price. Those people work very hard to maintain those gardens, but once they have graduated, every one of them gets a job immediately all around the province, so that is something that I think really helps the economy.

I just wanted to go on a little bit —

**The Chair:** Not too long now.

**Hon Mr Saunderson:** I won't be too long. I wanted to give an example to the member of something that we have done and that is that we have in effect privatized the reservation system for our tourism industry in Ontario. In an arrangement that we made with Bell Canada, they will invest up to \$10 million to handle the inquiry and reservation system when people call in to find out what's available in Ontario and where they might stay to participate in the various activities. That is really the first privatization that we've really seen in this government.

**Mr Kwinter:** Mr Chairman and members of the committee, I apologize for not being here on the first day of estimates. I was out of the country.

**Hon Mr Saunderson:** Beer business?

**Mr Kwinter:** Beer business, yes. Promoting trade for Canada in Russia. But I did have a chance to read through Hansard, which allowed me to really get a chance to see what was said. I hope you don't mind if I just go over it a bit because I wasn't here and I wasn't able to comment, but it did trigger a few comments that I'd like to make and then I can go on to some new material. So I apologize for rehashing things that may have been dealt with last week.

Before I do that, I just want to address the issue that came up in the House today when a member of the government side asked the minister a question about Fortune magazine designating Toronto as the number one city in their list of great cities of the world. I commend the ministry if they got that article placed. I think that's wonderful. What I objected to is that the question was asked of the minister, "Wasn't it great that that article was placed?" but the question was implying that "we" were able to make Toronto the number one city in the world, the feeling being that this government was taking credit for the city of Toronto. I found it quite humorous

that they're able, in one year, to produce this great metropolis in the province of Ontario. So that was my concern.

My other concern was the juxtaposition of the government crowing about that article on the same day that I got a call from a friend in Washington telling me that he was scheduled to come to the Breeders' Cup, but had cancelled. The reason he cancelled is because he had read in the papers in Washington that the airport was going to be closed down, the transportation system was going to be closed down and there's no way that he was coming to Toronto for that event.

Also, if someone had dropped down from Mars and landed in Toronto, they'd pick up the paper and they would read about strikes, they'd read about the doctors withdrawing services, they'd read about school boards complaining and encouraging people to contact the government to tell them to stop doing what they're doing to school boards, to stop what is happening to health care, hospitals being closed, and the impression that would be conveyed is an entirely different one than the one that was conveyed by the article in Fortune magazine.

Today the minister responded and he talked about all of the great things that are happening in Toronto and again implying that it was as a result of his government's activities that the cultural activities were prospering and that all these wonderful things were happening when in fact, when you talk to the people in the cultural sector, when you talk to the people in education, when you talk to the people in health care, when you talk to the people in law enforcement, when you talk to all of these areas and you talk to labour, virtually to a person they're complaining about what is happening in this jurisdiction, a jurisdiction that we all agree is a wonderful one. As I said last year at estimates, the only good thing we've got going for us is that this province is so strong that it will withstand any government that comes through. I mean, it really will.

**Hon Mr Saunderson:** It's done that.

*Interjections.*

**Mr Kwinter:** What you do is you find that different governments of different stripes come through and they nibble on the edges. They bring in their own particular ideological bent and they do things and everything else, but time passes and time overcomes everything else, and we go on.

**1600**

But it's sad when that happens. I just wanted to really address that because I felt that the impression that was conveyed is that this government was taking credit for the fact that Toronto was named number one. I think they should take credit if they did it, and if they did, I commend them for it. If they got the article placed, that in fact conveyed to anybody who reads that magazine that Toronto is the number one city in the world, and as I say, I think that's a wonderful thing. I do, though, want to just make sure that credit goes where it is due.

The other thing I'd like to talk about is an issue that I brought up at last year's estimates, and I read the minister's response, and I felt that he was selective in his memory and his quote. One of the last things I addressed at the time as we wound up estimates — and as it turns



out, it's quite an interesting coincidence because we're debating it in the House today — is the whole area of VLTs.

At last week's estimates, the minister said in response to my colleague Mr Brown, when he asked about VLTs: "I'm happy to respond to that. Last year, when we had the estimate debate I said, and I quote, 'To date the decision of the government is that there will be no VLTs. We keep all the doors open, as I've said many times, but to date, there was no different decision on VLTs.' I think that was very true then. We were keeping the doors open and we eventually decided that we would implement VLTs. So I think I answered very honestly at that time. But I can tell you that we think that VLTs, as they are now called...if they're implemented within tight regulatory controls and in limited-access environments, we think they meet a legitimate entertainment demand and they provide additional resources for charitable organizations across the province."

What I take exception to is that when you go back to Hansard and when I asked the question, the minister responded. The minute I asked the question, he interrupted to say to me that in fact there was no reason for me to really pursue this because VLTs were not going to happen. If you'll just bear with me for one minute, I just want to find this quote.

The estimates were held on March 8, 1996. The budget of Ontario was tabled on May 7, 1996, exactly 60 days from the date that we were at estimates. And when I asked the minister what he had to say, he said:

"Well, we do have the responsibility of the Ontario Casino Corp so it's a big responsibility. As far as the VLTs are concerned, obviously the government's going to weigh all of the factors, but right now I just have to say again that there are no VLTs on the horizon, as far as I'm concerned."

That was 60 days before the government announced that it was bringing them in, and at estimates the minister said, "There are no VLTs on the horizon." That's a pretty short horizon, because not only that, but the Premier responded in a letter to someone who asked him, on May 16, 1995, as the leader of the third party said:

"A Harris government will not move on VLTs until all sectors have been consulted, all impacts are assessed and an agreement is reached on the distribution of revenues." This was a letter from Mike Harris to John Chalmers, the chairman of the Charitable Gaming Alliance, on May 16, 1995."

My concern is that the minister who is in part responsible, because there's a dual jurisdiction on this issue, on March 8 announces that there will be no VLTs, that it isn't even on the horizon, and 60 days later they announce in the budget that there are going to be VLTs.

I would suggest that I cannot imagine that if the minister, who has shared responsibility for this particular activity, on March 8 says, "Don't even talk about it because it's not going to happen as yet; we're looking at it; it's not on the horizon," where did all of this consultation take place? Where did this happen in this 60-day period when, as I say, the minister didn't even know — I shouldn't say he didn't know — suggested that it wasn't even on the horizon? That creates a real problem for me,

because it indicates that somewhere along the line — and this happened, I have to say sadly, with the casinos by a previous government. Just by coincidence we have the deputy minister here who had that responsibility, and I think I'm not speaking out of turn when — she probably heard about it the same time I did, when it was announced in the budget, and that's just another indication where suddenly someone decides, "This is a way that we can raise some money; let's announce it and we'll worry about it later."

That is the debate we're having right now, and that is the concern I have. I just wanted to address that because the minister did bring it up in his discussions last week, saying that in fact they had looked at it very carefully and they finally made a decision that this was going to happen. As I suggest to you, I find that very, very difficult to believe.

Another area I want to address, and Minister, could you just respond to this when you get a chance to —

**Hon Mr Saunderson:** I hope I do.

**Mr Kwinter:** I'm sort of jumping around because I'm responding to what was said last week. But one of the things that I found of interest is that when the minister was talking about international marketing, he says:

"We are marketing Ontario as a place for investment and travel. That doesn't mean that just I'm marketing it or the Premier is marketing it or other ministers or MPPs who travel are; we want all Ontarians to market Ontario. Therefore, we will be announcing very soon our business ambassador program, or trade ambassadors. That means anybody who wants to do this in the province, we haven't got any fancy selection system here. Anybody who hears about this and travels somewhat will be a trade ambassador for this province."

I have some serious doubts as to whether that's going to work. My only concern is that I expressed those same doubts a year ago, and I should tell you that in estimates of last year, the minister in a response to a question I had, on March 8, 1996, said:

"The other thing I wanted to mention, Mr Kwinter, was the business ambassadors again. I want to mention it as often as I can." He sure is doing that, because he did it last year, he's doing it this year, but so far nothing has happened.

He said, "I'm very enthusiastic about it. I think with them and with the federal government and with the communication systems available to us, we will be able to overcome the fact that those offices were closed by the previous government."

Again, I would like to understand what has happened in that interim from last year when you appeared before this committee and said that you were very enthusiastic about the business ambassadors program, that it was going to do all of these wonderful things, and then again last week you came here and announced it as if it's happening for the first time. You already announced it last year, yet it still hasn't got off the ground. In the meantime, we're now several years since the closing of the trade offices around the world and I have some very serious concerns about that.

How much time do I have? I don't have any more time?

**The Chair:** You've got about 10 seconds.

**Mr Kwinter:** We've got 13 hours to go. We've got lots of time.

**The Chair:** The minister was quite anxious to respond to you. However, he may get an opportunity when it comes around.

**Hon Mr Saunderson:** Excuse me; I just want to get one thing clear and understand it. Last week, we went through our opening addresses, which were half an hour long, and I did have a rebuttal, and then we got into questions and answers. I understand that each party can have 15 minutes of questions, is that correct?

**The Chair:** They can use it any way they want. They can either put questions forward or comments. They can put questions forward and there's no time to make a response. That's the way estimates operate. Maybe you could be creative in your turn, when it comes around, to respond to those questions when other people ask you, but that's how it is, Minister.

**Hon Mr Saunderson:** Fine.  
1610

**Mr Tony Martin (Sault Ste Marie):** I would suggest to you that we will probably ask a lot more questions if we get answers to the questions we in fact ask.

Last week, you'll remember, those of you who were here, that in trying to make a point re the need for government intervention and government support and leadership by government in facing some of the challenges that some of our industry goes through from time to time in dealing with a global economy and the complications that that creates, I was trying to get the minister's attitude and approach and view of that. I talked a bit about, in my community, Algoma Steel and St Marys Paper and the Algoma Central Railway and some of the work that was done there to rightsize those operations and put them into a position where they're now viable again.

In your response, Minister, you, according to Hansard, made reference to companies being viable. Actually, it was in response to my questions, and the question I was asking was very particularly about those industries and the approach and the leadership that government gave in that respect. You said, "as long as a company is viable." I read that to mean that you were questioning the viability of those particular industries. Then it says, "We're not sure if some of those companies that you've talked about, in the long run, are going to be viable." Then, down a little further in Hansard on page E-707, you say: "I don't think you should prop up businesses that are going to fail in the long run. I think that's what's happened in the past."

I'd like some clarification from you on just what your position is re the involvement of government in the restructuring of some of the industries that so many communities depend on for their livelihoods, so many people depend on for their livelihoods, and whether you think just because government was involved in them — and certainly in northern Ontario there are myriad examples of that kind of leadership shown, particularly in the last five years by the previous New Democrat government. I just have to mention, of course, as I said before, my own community, but places like Thunder Bay, Kapuskasing, Surgeon Falls, Atikokan; there's quite a list.

What is your view of that kind of involvement by government? Do you really think, as you suggested in your comments last week, that when government is involved, that somehow jeopardizes the viability of that particular operation or enterprise?

**Hon Mr Saunderson:** I'm going to use the time that I've got to respond, first of all, to the question from Mr Martin, and then I will come back to what Mr Kwinter said.

**Mr Martin:** Excuse me. You'll have to help me here, Chair, but it seems to me, in my 15 minutes, that he's to respond to my questions, and in the 15 minutes that the Liberals have, he's to respond to their questions. Is that not correct?

**The Chair:** You have 15 minutes to put either comments or questions. If you leave time for the minister —

**Mr Martin:** I have some more questions.

**The Chair:** Yes, you can still ask. You get a complete 15 minutes to do that.

**Mr Martin:** I'm hoping the minister wouldn't first answer my question and then answer a question from —

**Hon Mr Saunderson:** All right, fine, I'll do that. I'm happy to do that. First of all, I believe that all governments can and should promote investment in Ontario. When I was talking about the Algoma-area businesses that you talked about, I was not saying that there was any problem with those companies as they exist at the present time, and I believe that. I think if our government was faced with the situation that you were faced with with those companies, we would have gone to the private sector and not had government dollars invested in those companies. I think we would have worked with the private sector to have it help out in those situations, not the government.

However, I think the question is, if you believe government should help, how should it help? You have to get a very clear understanding of the proper role that government should have in economic development in order to answer that question.

As I said last week, I don't think experience shows that cheques given to business are really necessary. Over the last 15 or 16 months since we have been in power — I shouldn't say "in power"; "in government" — we have closed the ODCs and are winding them down gradually. Frankly, we've had no complaints about this. We stopped making strategic investments and we haven't had complaints about that once people understood what this government was trying to do. Yet investments are continuing to be made in Ontario at a faster pace than anywhere else in Canada. I think I went through last week in my opening address that I had been at seven plant openings or expansions in the last three weeks prior to my address.

We think government can make a very significant contribution to economic development without giving big corporations or small companies money. There are other things we do in our ministry and as a government to make economic development happen in Ontario. We think we're creating the proper networks and the proper partnerships in various sectors. We pursue supportive trade policies, obviously, and we are supporting Ontario's science and technology infrastructure. We support train-



ing and skills development strategies. We encourage the development of advanced telecommunications infrastructures. I think these activities constitute the substance of the proper role of government in supportive economic development.

In carrying out its role, my ministry brings to bear not just money, but information and intelligence and experience about the business climate, the Ontario business sectors and the relevant supportive infrastructures that are available. We also bring to bear our connections with business development experts.

I feel that the Ministry of Economic Development, Trade and Tourism now is really a very productive and competent management consulting operation with very experienced people to help out the business community in various ways, whether it's marketing or financial planning or business plans. That applies all the way to tourism.

I think it's a surprising view that the only constructive thing that governments can do is hand over the taxpayers' very hard-earned money to businesses. It's even more surprising to hear it expressed by members of this committee, because I think, over the long run, the private sector should be left to operate on its own, but left to operate on its own in a very fine business climate that helps business do its job.

On one hand, the view is expressed from the party that coined the term "corporate welfare bums," and I remember that back in a federal election. On the other hand, the view is expressed by a member of a party that campaigned in its red book on eliminating grants to big business. So I think we're doing the right thing, because we feel that both parties in opposition, quite frankly, are now seeing that what's happening in Ontario is a result of what we're doing. That's for Mr Martin; I'll come back to Mr Kwinter later.

**Mr Martin:** That's interesting. You obviously have worked this over well. You have all the right words and certainly are saying what we would expect you to say, given the track record so far of your government in government. I would rather say, actually, "in power."

**Hon Mr Saunderson:** Pardon? I didn't hear that.

**Mr Martin:** You suggested that Algoma Steel and St Marys Paper and the ACR were invested in by government. In fact, they weren't. There was a bank guarantee in the Algoma Steel situation. There was no money by government put into that restructuring. There was some money put into training but there was no money put into St Marys Paper or the Algoma Central Railway, either, in the restructuring exercise. We knew as a government that if we did that, we immediately would have countervail action against those companies particularly by the United States of America, so we didn't do that.

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We brought to the table all the players, including the private sector, to find a way to restructure these operations and at the end of the day thought we'd found a nice balance, a good partnership, and I think indicated by that piece of work that we didn't need to turn companies into corporate welfare bums. The "corporate welfare bum" handle came out of an experience that all of us still continue to be amazed at, which is the ability of business

and corporations to avoid paying taxes. That's what it was about, for your information, and that continues to happen.

As a matter of fact it's one of the biggest concerns we in the social democratic movement have at the moment re the whole question of who pays their fair share and how we continue to be able to afford the kind of activity that presents Ontario, no matter where you go — today in the House, as was referenced, Toronto, the capital of Ontario, was highlighted as the best city in the world. Ontario, I suggest to you, is probably right up there with it. That's because we have a way of life and a standard of living and education and health care systems and an infrastructure that have been invested in over a number of years by government, the private sector and others.

In light of the glowing picture you paint of everything being rosy, and what we read in the paper about there being record bankruptcies in Ontario and in Canada over the last year — you mentioned seven openings that you were at — I wonder how many bankruptcies you have presided over. I would suggest to you, and this is from my own experience in my own community, there now are a number of particularly small and medium-sized operators in Ontario that are going under. If you read the reports in the media over the last few days, I suggest to you that what they're saying is absolutely right, that there is an air of nervousness, particularly in the retail sector.

My question to you is, what indicators are you looking at? They're certainly different from the ones that I'm looking at. Why is it, when the economy of this province still continues to sputter along, when small and medium-sized businesses close their doors and turn in their keys under the guise of bankruptcy in record numbers, that you can find anything positive to say at this particular time in our economic history? What are the indicators you are looking at?

**Hon Mr Saunderson:** First I'd just like to make a comment about the guarantees you talked about that were made regarding some companies we have already referred to. A guarantee is a contingent liability for the guarantor.

**Mr Martin:** But it's not an investment.

**Hon Mr Saunderson:** I said it's a contingent liability.

**Mr Martin:** Okay.

**Hon Mr Saunderson:** It has to be noted on corporate and government balance sheets in the financial statements. It has to be noted in the financial statements, therefore it becomes part of the government debt, in effect, or the corporate debt.

In the St Marys Paper arrangement, just to clear this, that guarantee actually cost the taxpayers of Ontario \$15 million. These guarantees do come home to haunt you. That was the point I was making the other day: Although they're always noted in financial statements, they get called from time to time, and there was this call on \$15 million for St Marys Paper. Because of the guarantees the Ontario Development Corp has made over the years, particularly in the last few, that's one of the reasons we stopped ODC's actual operation and we're winding it down.

I want to say one last thing about bankruptcy figures. Bankruptcy figures can be very misleading. Sometimes, in the worst of times, bankruptcy figures can be very low

because nobody is trying anything. Sometimes when times are getting better, people irresponsibly get into business when they really shouldn't, and you get bankruptcies being higher in good times. It's an anomaly in the economic livelihood of any jurisdiction. I'm not saying they aren't serious, because they are serious.

**The Chair:** Thank you, Minister. I understand that the Conservatives would like to give the time you have to respond to Mr Kwinter's question. If there is any remaining time, Mr Kells is quite ready to go forward and do the rest, so you may respond in any way you can now. The 15 minutes are yours, leaving some time, of course, for Mr Kells.

**Hon Mr Saunderson:** I'm going to do all I can.

First, I want to congratulate you, Mr Kwinter, on being back here. I know you were doing good business for a company that makes beer in Ontario and elsewhere, and I think it's good that you're out there helping to sell Ontario companies. I think we would like to make you a business ambassador so that when you do other travels you can represent the province — but you do that anyway. I'm being a bit facetious here. It's nice to have you back with us.

When I talked about the city of Toronto in the House today I said, and as you know, I read very particularly my notes in the House, that it was good news and that the article noted we were one of North America's safest cities, that we had an excellent transportation infrastructure, that we had superb cultural and theatrical facilities, an ethnic diversity, a superior quality of life, that we were clean — Toronto is clean, it's green and it's comfortable — and that I felt Toronto is a reflection of Ontario and what this government is accomplishing. I didn't say we had made all that happen in Toronto, but I thought it was a reflection of the climate we're creating in Ontario at the present time. If you take offence to that, I'm sorry.

The supplementary was, what were we going to do to make sure the greater Toronto area stayed this way? I just said we were going to stay the course no matter who tries to disrupt it. That was a subtle remark about what's going on in the city this week. I think it's unnecessary. I said we were going to hold to our objectives and continue to do what we promised in this province.

I referred to other articles on Toronto, the National Geographic, and to the United Nations statement about Canada just so I wasn't too parochial, and I feel all of us in the House should be proud to be Canadians and Ontarians and Torontonians, those of us who are, and try to make sure that those jurisdictions stay the great places they are. That's the gist of what I said. I don't think anybody could take offence at that; in fact, we should all be proud of what has happened.

I would also like to say a little something about the Breeders' Cup, because it was mentioned. As 20,000 people are going to come to the greater Toronto region in the next few days and television from foreign countries will be reporting on the Breeders' Cup — it's a great opportunity for them to showcase the region they're operating in, just as they did and still do at World Series or Super Bowl games or whatever — my sorrow is that what's happening in Toronto, for whatever reason, is

going to be marred by people marching around and in some cases closing down services illegally. I think that's unfortunate.

The leader of the Ontario Federation of Labour, Mr Wilson, said back in the summertime, when it looked like we might not have the Breeders' Cup, that they would not interfere with or do anything that would adversely affect the Breeders' Cup. I think interfering with the proper transportation facilities in this city is not living up to that agreement. That's very disappointing and is not serving the province, city or country, for that matter. It's a black eye, or it could be a black eye.

1630

Something was also said about doctors when Mr Kwinter was reflecting on what people might see if they came to Toronto. It so happens that doctors and the Ministry of Health are working very hard to come to an agreement. Though it hasn't happened yet, I'm cautiously optimistic that there will be a proper agreement reached whereby the medical system will continue to be the great system that it has become.

On education, I go out and say, as I'm sure all of us would when we're speaking about Ontario education, that we have a good system, but I think the good system could be better than it is. Therefore I think there's nothing wrong with having teachers belong to a teachers' college where they are monitored and where they have to show that they are equipped to be in the classroom. That's no different from lawyers, accountants, doctors and other levels of work. If people do not measure up, they're told to measure up, and hopefully they do, or they have to find a job elsewhere. I don't think there's anything wrong with having a teachers' college.

As far as other things that are being done in education these days, I have nothing but applause for the Minister of Education and Training's insisting that there be proper testing of our students. We haven't had proper testing. Parents don't know how well students are doing and where they rank. I think we have to look for and promote excellence in education and in everything else, for that matter. I feel that proper testing on a uniform basis throughout the province only means that we will get better students, better university students and then better people in the workforce who are best equipped to keep up with what's going on in this world.

I have felt, as I have been involved in this ministry and reflected on what's gone on over the years, that there have been three major watersheds in the world over the last 400 or 500 years. The first was the Renaissance, which ties into the Reformation, the second was the Industrial Revolution, and now we're in the information and technology, or high-tech, revolution and this is the biggest revolution of all. If we don't have students who are properly grounded and educated to face crises and be competitive, they won't be able to maintain the pace, in this very highly changing world, in the information and technology area. Therefore our good education system has to become the best education system there is.

I was in California on a trade mission with the high-technology industry a couple of weeks ago. There was no doubt that when California let up on their education system they did a disservice to that high-tech industry,



and they've changed their mood now. We're keeping up with California but we're going to have to work to compete around the world.

There was some mention about culture. Our ministry contributed about \$45,000 to the film festival that just concluded in Toronto. I think we have excellent cultural facilities in this city, and that hasn't changed over the years. The film festival is one of the top three in the world. I noticed that CJRT, one of the very good cultural FM music stations on the air, was cut back by about \$1.3 million by this government. They are keeping up and staying on the air, fund-raising from the public as they always did. They're just doing more of it. That comes back to doing more with less, which is one of the mottos of this government.

Also new openings. I have been to many new openings of companies, as I mentioned last week in the opening address, and I think that's a reflection of what's been going on in this province.

So if somebody dropped down on Toronto, as it was suggested that person might do, he or she would find all of those situations that I just talked about and would conclude that this is a pretty healthy city. I think it's a reflection of what this government is doing.

I wanted to talk about the business ambassadors for just a minute. We talked about that last February or March when we had very brief estimates. We already have people as business ambassadors and we do have kits handed out to those people. We have not made a major announcement because we are tying it in to our marketing plan, which is a responsibility of my ministry. That marketing plan will be presented very soon, but part of that marketing plan — I'll give you a bit of a heads up — will be a formal announcement of the business ambassadors program.

The other thing I want to say is that as far as I'm concerned, the best business ambassadors you can have are people who run a business in our province of Ontario. That is why I have tried to take people with me when I have travelled, as I did the petrochemical industry to Houston in early September, and subsequently to California when we took the high technology, our own people from our own silicon valleys.

I wanted to respond to Mr Kwinter about the questions he raised, and that is all. I'd like to turn it back over to my own side.

**The Chair:** You've got about two and a half minutes, Mr Kells.

**Mr Morley Kells (Etobicoke-Lakeshore):** There's not much that I can say in two and a half minutes.

**The Chair:** Oh, we can do a lot.

**Mr Kells:** It's with some trepidation that I follow the minister, who has travelled across the fields of history. He's managed to touch on most of the responsibilities of the ministries. I fully expect in the next day or two in the House he'll be taking questions for the Minister of Education. But I do think it's a noble effort. I think the minister did a great job of expounding what a great place we have to live in here in Ontario, and he did it in a nice way and covered off the responsibilities and the achievements of the ministries.

I have a couple of things, but I'll just do one quickly. I don't think I have time to do it, so I'll come back to it. I wanted to talk about the St Lawrence Parks Commission, but I'm sure I'll get a chance to do that later.

In the one minute I have left, I would like to say that I am one person who is willing to give up my time at the Conservative convention and I'm going to the Breeders' Cup championship. That's my contribution to keeping this province moving.

I do see that there was a one-time grant of \$1.45 million. The minister might not want to comment now, but I'm sure in due course he would be able to give us some pretty good figures as to exactly what that was directed towards, the overall benefits to certainly Metropolitan Toronto and particularly the hotel and convention industry here in Toronto.

So in the short time I have left, I'll be happy to be back next week and report on what a success this championship is going to be, and I'm sure the minister will give us the details of just what it's meant in monetary rewards to the people of Ontario.

**Hon Mr Saunderson:** I could tell Mr Kells in about 15 seconds that there was a grant made by the previous government of \$1.5 million to the Ontario Jockey Club to assist in general expenses related to the event. I don't quarrel with that because I think the economic benefits are quite dramatic to the province and to the city.

**The Chair:** You're a great ambassador, Mr Kells.

**1640**

**Mr Jean-Marc Lalonde (Prescott and Russell):** I have two points of concern. The first one is on tourism, because this is the part for which I'm critic at the present time. Just lately I've received a letter from the National Capital Commission chair from Ottawa, Marcel Beaudry. He was telling me that MTO has sent him a letter that the 1988 agreement doesn't stand any more on the signage project.

The national capital region attracts anywhere from 9 million to 10 million visitors a year, and now the MTO has told them just lately that this agreement doesn't stand any more and that the national capital region will have to foot the bill for the signage on the 401, the 416, the 417 and also the 17. This really bothers me, because when we talk about tourism, it's not only in the Niagara area or the Toronto area or the Muskoka area; we have to look at the eastern part of Ontario too.

I wonder if the minister is aware of this. I know we've been talking about user fees all the time, but in this case I wouldn't call it user fees because this money, every time we get tourism from the States or from overseas — according to the figures we have here, from the States we get over 25 million visitors a year coming into Ontario, not counting from the rest of the provinces of Canada, and 2.4 million from overseas. When those people arrive, let's say at Mirabel in Montreal, they take Highway 401 or 417, and it is very important that those signs be there to tell the people that the national capital region is a tourist area. I don't know if the minister is aware of this letter we received just a couple of weeks ago from the NCC chair.

**Hon Mr Saunderson:** I'd be happy to respond to that question now, if you'd like.

**Mr Lalonde:** I did send a letter to the Minister of Transportation, Mr Palladini, last week, but if you want to answer that one now, I'd be happy to hear about that.

**Hon Mr Saunderson:** Fine. First of all, yes, signage is really important, and I can understand how any area is concerned about having proper signage to direct people to the national capital region or wherever. What we are doing now is a new system. We're creating a modern highway sign system that I think is going to satisfy the tourism industry.

We had a request for proposals for the private sector to do signage. There is a company called Canadian TODS that was chosen through a competitive tender system, as I said, and it is to finance and deliver a new system. They showed us that they had a great deal of experience implementing systems similar to what Ontario wants to have and are, we thought, the ones best able to meet the tourism industry requirements. They will offer a wide range of pricing that is accessible to a wide range of operators, so the operators or the local areas or whatever will pay for the signage; the government will no longer do that. The signs will be maintained by TODS, but for fee-for-service.

This proposal that won, by the way, has significant Canadian content, so Ontario companies will be used to make and install these new signs. This will be starting at the beginning of 1997. We are just in the process of negotiating an operating agreement with Canadian TODS which will satisfy that start date.

We've had some model signs installed in three demonstration areas, and they are the freeway corridors on Highway 401 between Brockville and Cornwall; the major secondary highways up in Muskoka, Highways 118 and 169; and special theme signage for the St Jacobs area near Kitchener-Waterloo. The new sign system has been developed with tourism industry reps, and we think it's going to satisfy people like the NCC, but no longer will the government be paying for these signs. But I think they will be satisfied. In fact, we know that they are satisfied because of these trials we have made.

**Mr Lalonde:** So really when I refer to page 54 of your estimates 1996-97, the third point, "Implementation of a new tourism-oriented directional signage system," you didn't refer to any specific money to be referred in that area?

**Hon Mr Saunderson:** No.

**Mr Lalonde:** My next question is concerning small business. I've tried to find in this booklet that we got last week any reference to small business help or investment that the Ontario government intends to do. I didn't see any. But yesterday when I got back from my riding, I had this on my desk, dated October 17: "Ontario Investing \$1 Billion To Start New Businesses." Immediately I was extremely happy to hear that. They referred to the minister releasing a new business startup statistic on the eve of National Small Business Week, starting yesterday, October 20.

But to my big surprise, when I called back the people who had called me previously, in I would say the last year — I kept telling them that the budget hasn't come in front of the committee yet, even though the budget was announced earlier in the year. I thought this was a true

figure. I have to say that this was misinforming the public. There's absolutely nothing in there, because this project even refers to new ventures. New ventures has been discontinued since April or May, I believe. At that time, when the new ventures program was discontinued, people had gone to register at the bank. They had paid their \$75 to go back to school for that special training to qualify for the venture. After they had completed their training, they went back to the bank and the project was discontinued because of lack of funding. But we turn around just last Wednesday and we state, "Ontario Investing \$1 Billion To Start New Businesses."

Talking to some of the people you referred to in the communiqué, the Ottawa office and also the Hawkesbury office, I called them today, because I referred to the people to attend the October 24 open-house press conference that they will have at 2 o'clock. The answer we got: "Mr Lalonde, we are expecting to come down and explain what is going to happen." I said, "What do you mean?" They said everything that was announced in there — there's nothing new in there. There's absolutely nothing new here. You're talking about the jobs that you say you have created in the past year, but there is absolutely no penny extra that was announced last Friday. Those people really told me: "You might as well call back the people. If they want information, we'll give them information, but there's definitely no money available for anyone." Can you answer this one, Mr Minister?

**Hon Mr Saunderson:** Yes, I will do that. Small business is very important. As you rightly pointed out, this is National Small Business Week. By the way, I would hope that all members of the committee had been invited to the board of trade reception that is going on this evening. I was under the impression that everybody had been invited to it. There is a reception at roughly 6 o'clock at the board of trade.

**Mr Kells:** Because of it, we're supposed to get out of here at 5:30.

**Hon Mr Saunderson:** Yes, we are going to leave at 5:30. Those who want to may attend this reception at the board of trade, which is in First Canadian Place, entry through the Adelaide Street entrance. They will be honouring the new members and small business. That is why we're leaving a little bit early tonight, to do that.

Obviously, entrepreneurs and the small business community play a very big role in creating a dynamic and innovative economy. We're very much aware of that and we're very supportive to the point of view of creating the right business climate and making sure that entrepreneurs get the help to do proper business planning and all the other things that must be done to start a business. I mentioned earlier that our ministry is available to help people start.

**1650**

Small business represents 98% of all Ontario businesses, which is based on businesses that employ fewer than 100 people, and 41% of the private sector employment comes from small businesses. We're seeing about 100,000 new small businesses being registered each year.

I don't think any other business sector demonstrates the need for the information, education and support as



much as startup businesses do. Over 225,000 small business people utilize our ministry's entrepreneurial services each year so they can properly research, plan, start and finance their enterprises.

We also have business self-help offices. Joe Spina, my parliamentary assistant, was an integral part of getting them started. Those are provided for everybody's riding office in partnership with local municipalities, which jointly fund some self-help offices in communities across Ontario. I think there are 31.

In your region of Ottawa-Carleton there is the entrepreneurial centre, as there is an entrepreneurial centre in London, Ontario. These are things we have to encourage more of so that entrepreneurs in each region can meet with people who have been successful and get help to start their own business.

I was at the Ottawa self-help centre, or entrepreneurial centre I should call it, back in July and was very impressed with the people who have come in there. They have a 90% or better success rate of people who have come in to start as small business people.

I think we are doing a great deal for small businesses. We can go back and talk about things the government has been doing in its budget, but when you start lowering the personal income tax rate, that's a big boost for the small business person. If you eliminate the employer health tax, as we have, on the first \$400,000 of payroll, that's a very big boost to a small business person.

Having the red tape commission, which Mr Frank Sheehan has been chairing, gets government out of the way of small businesses. If we can get regulations off the books, I think it makes it a lot easier for people to start businesses.

We've frozen your hydro rates for five years, and we've changed the Labour Relations Act so that we have replacement workers for strikes; these things are good for small businesses because they create a business climate that enables them to do well, I think.

The very fact that the government is getting its fiscal house in order sends a message out to anybody wanting to start a small business that this province is business oriented, particularly toward small business. I have nothing more to say on that.

**Mr Lalonde:** I don't know if you answered my question, Mr Minister.

**Hon Mr Saunderson:** I could go on and on.

**Mr Lalonde:** I was just saying that after the news release, everybody thought you were putting on a new program for small business people. That was definitely misleading people.

**Hon Mr Saunderson:** Excuse me for that. The press release, as I read it, says, "Ontarians are investing up to \$1 billion to start up new businesses this year." I didn't say that Ontario was doing that. Business people in Ontario are investing up to \$1 billion to start up new businesses this year. Then I released statistics about what was happening in the province.

**The Chair:** Thank you, Mr Lalonde. Just be careful about how you accuse anyone of misleading.

**Mr Martin:** Just so we have the record straight and people who might take time to read Hansard and may

have an interest in this understand, at St Marys Paper the government did participate. I just phoned the people running St Marys Paper.

Under the new regime the government agreed to pick up 50% of the cost of training for employees in the mill. It's over now. The money is finished. The company and the government each put \$2.3 million into training. I would say that's a good investment in skilled professionals in a business that is turning some significant profit compared to what they were doing before the restructuring.

The other thing, Minister, is that you would lead us to believe that somehow this mill was hooked up to a money intravenous that kept it going. In fact, that's not the case. The government put up a \$10-million loan: \$5 million at the closing out of the old deal and the opening of the new deal, then a \$5-million working capital loan to the company, at a fixed interest rate of 6.5%. So you're actually making money on this company right now. This company will pay that money back.

In the instance of Algoma Steel it was the same thing: a guarantee that the company would ultimately pay back, and training money that was put up to backstop that restructuring.

It's interesting to note that since the restructuring, this company has reinvested \$65 million of its profit into new technology so that this company would be viable and profitable and a very positive and constructive player in the economic future of this province.

To suggest for a second that the government's being involved in restructuring this company is somehow a negative and contributes in some way to a dependency that in the long haul will hurt the people of this province is patently untrue. You ought to be somewhat apologetic about any comment you might make in that direction. This is a company that's doing well now. It's turning over a significant profit and reinvesting that profit in new technology and in training and retraining employees so they will have a future.

I participated about two weeks ago in a ribbon cutting ceremony at St Marys Paper, where a new piece of equipment was started for the first time and will contribute to the economic wellbeing of that particular company.

In light of the questions that were asked by Mr Lalonde from the Liberal Party re your contribution and the tourism industry, which is, as you suggested yourself, a very important contributor to any economic future we might have, going into the estimates briefing book, it doesn't matter what graph you look at here: money under marketing and trade development, down 25%; business development and tourism, down 49%; strategic analysis sectors and technology, down 26%.

The one that concerns me the most in northern Ontario, because small and medium-sized communities there depend very much on the contribution of economic development offices and officers, is that your budget for community economic development, according to this booklet, will be down 84% in 1996-97. I don't know how you propose and plan, as a government, to be a partner, to be a leader, to be involved, if that's what you're doing, that substantial a decrease in your involvement.

1700

I have to go back to the question I asked you before because I really didn't get an answer. Besides going to New York and California and Europe and Japan and all these places and rubbing shoulders with the high and mighty in those circles, what indicators are you looking at that give you the impression, that smug satisfaction, that somehow the economy of this province is doing better? We talk to people when we go back on a regular basis to the communities we represent, we walk down the malls and main drags and we see that unemployment and bankruptcies are unacceptably high. As we move towards the part of the year where people in the retail sector ought to be excited and motivated because there's a big selling opportunity coming, a big opportunity to move some product and make some profit, we know that if they miss that piece, the Christmas rush, they're in bad shape.

We know from reports we get from newspapers and from people who look at the numbers and from our own presence at some of those local small business people and retailers that they're very worried and anxious and do not share the same sense of optimism you present here at this table today. What indicators are you looking at? What is giving you this sense of confidence that somehow in your world, in our world, Ontario, things are getting better?

**Hon Mr Saunderson:** First I just want to conclude the St Marys discussion. I heard what you said about training. I think training is a very important thing for any industry. The working capital loan is still a contingent liability, Mr Martin, on the government's books.

**Mr Martin:** It's going to be paid back at a 6.5% interest rate.

**Hon Mr Saunderson:** Yes, but if we are guaranteeing it, it has to show as a contingent liability. I'm just saying that's what it does on the financial statements. I'm glad that St Marys Paper is very successful. I hope it continues that way, as I do Algoma Steel and any other company in Ontario.

You asked me a little bit about tourism. I just want to let you know that I'm meeting with the field staff of the ministry tomorrow. There will be something like 90 of them in Toronto for a planning meeting and all that. I intend to meet with those people at a convenient time and I'm going to say to them, just so you know in advance some of the things I will tell them, that I know what it's like to have to go and market a product, a company or whatever.

In this case it's marketing our province, our ministry and the skills in that ministry to help companies that need some assistance. I'm going to ask them to be more aggressive and knock on even more doors than they do now to find companies that need some guidance. We have the people to help them get that guidance. I'm going to say to them that there's lots of business out there to drum up and encourage. I think it's important for me to speak to what I might call the Ontario sales force or consulting people who can help small business particularly.

You alluded to travelling around the world or in the province and rubbing shoulders with the high and mighty; I think that was the gist of what you said. Yes, I suppose you do. You meet the leader of a country or an industry when you make these trips. Mr Kwinter has done them as

well. It's important that you actually meet these people because these are the shapers of thinking that goes on in other countries and other countries' industries. If we can go to those people and say to them when we meet them that Ontario is open for business, providing the right climate for business, then I'm doing my job.

We met with the Keidanren, which is like the big chamber of commerce for Japan, and told them about Ontario. They're going to go back and they're going to write the book for Ontario and other places they visited, and that's going to be on file for a few years. They liked what they heard. I'm going to be back to see them in Japan in the middle of the month and when we go over there it will be a chance to firm up the work we've done in this province.

I don't think there's anything wrong with doing that, but there's another aspect of finding out what's going on in industry, and that's getting out and being on the plant floor and talking to people at the gate. I've done that. I've been to major automobile manufacturers in Ontario. I've been on the floor, talked to the shop stewards and the management as well, down in Windsor with Chrysler, with General Motors. I've been up to see the automotive manufacturers and been on the floor of Honda and Toyota. That's not just rubbing shoulders with the high and mighty. That's asking people on the floor how they like their job, how things are going for them.

It's important that I do that, and as I say, many people in the government who are elected can do this as well. I know that my fellow MPPs who are in this room today from my party constantly keep in touch with the businesses that are going on in their ridings and they come back and tell me what they're finding out. We were down in Mr Barrett's constituency at the plowing match, which unfortunately had a rain-out.

**Mr Barrett:** A mud-out.

**Hon Mr Saunderson:** A "mud-out" is what they say. But we did have a chance while there to talk to people and to find out how their economy is going.

Brant-Haldimand: I was in that riding in the summer-time. I had a chance to talk to people down in that area, to tour plants, to climb around and get dusty and all that stuff. I like that. It's for our ministry important to do that. Yes, I travel a lot, but it's not just rubbing shoulders with the high and mighty, I can tell you; it's getting down on the ground.

You asked me for some statistics that we're talking about. Just today the Toronto-Dominion Bank said that among the Canadian provinces Ontario is expected to show the strongest economic progress in the next year, followed by British Columbia. We have a list of business openings which I could go through for you, and I won't, but I'm happy to table it for you and also to say that there's lots of good news and indications that things are looking up. Yes, I read about the retail situation today. It doesn't help to have a major company and its union on strike. That hurts people's confidence.

But overall, when we look at the Ontario employment, 105,000 net new jobs have been created in Ontario since the election in June 1995. The youth unemployment rate fell sharply in August, probably partly a reflection of people going back to university. In the first eight months



of 1996 the private sector created 89,000 net new jobs, and that more than offset a 15,000 decline in public sector employment in the province. Social assistance caseloads continue to fall; it happened in August. These are significant drops and I have to assume that because of the increase in jobs those people who were on social assistance are getting into the workforce.

We are leading the provinces of Canada in plant and equipment spending for 1996 and we account for well over half of the manufacturing sector.

I guess you believe what you want to believe, but what I'm looking at and believing in is current hard copy that says things are going well in this province.

1710

**The Chair:** A quick one.

**Mr Martin:** Just to respond, I don't for a minute suggest that it's not important that you make trips and talk about Ontario and work with business people from around the world. That's important, but it's equally important, and sometimes even more important, that you spend time on the streets of communities and talking to people who are out of work, who are struggling because of the economic climate in small business. They'll tell you a story that is quite compelling and troubling at this time.

It's one thing to dish out and play with numbers and statistics. We can make them say anything we want — I can do it, you can do it — but it's another thing to talk to people. Yes, you present the Toronto-Dominion Bank saying one thing. I could show you a report two or three weeks ago from the Conference Board of Canada that suggested that it's not so rosy and that we're heading for really tough times. There's a direct impact on that by some of the decisions that you're making in the public sector to downsize and get out of places that government has traditionally been in. That has contributed very significantly to some of the plaudits we're getting now around the world for Toronto and Ontario.

Just one other point, if I might, Chair, before I close: If I look at some of the statements that are coming right now from some of the leaders in the church communities, they'll tell you a completely different story, very compelling, about a group of people we should all be very concerned about, and that's the poor —

**The Chair:** Thank you.

**Hon Mr Saunderson:** I just have one thing quickly to say, and that is that I do find out a lot of what people and the problems they have are all about in my own constituency office, as any other MPP does. Go ahead.

**The Chair:** Mr Kells.

**Mr Kells:** Actually, I think it's only fair that Mr Martin has that much time and Mr Saunderson uses so much time to answer his questions. I think it's really only fair.

Anyway, I have a personal inquiry, if I may. Back in my first tour of duty here in the Legislature, from 1981 to 1985, we used to have the opportunity to visit Upper Canada Village. They were kind enough — I guess there was more money in government in those days — to allow MPPs to stay one day or one weekend in the guest house down there. I used to really enjoy Upper Canada Village, the amenities and the whole presentation, and I got to be quite interested in it. As a matter of fact, I went back three years running.

When after 10 years I took the opportunity to go again, it did not surprise me that we're being charged now; that seems to be reasonable. As we toured the village, I was somewhat saddened to see that the village, which had been kept, in my estimation, in tiptop, old-time shape, was now slipping badly. There didn't seem to be as many staff around. They made it real and live, and were in costume and performed in the various locations. Even the buildings themselves were showing signs of wear. The whole situation wasn't kept up to the standards of old.

In the course of being there, my wife and I talked with the staff who were putting on demonstrations in a very real-life way. We learned that, like any other government agency, they're struggling to make ends meet, but they had extreme concerns — and this is what I would like to pass on to you — that there was going to be a change in direction, a change away from this demonstration of what life in a rural village was like in the 1800s, and that steps were being taken that would change dramatically this whole presentation. Of course, these steps were to be taken to raise money. I guess maybe the one that's probably most shocking for me was that they were going to put in an automatic machine that pitches baseballs and you bat the things. It seemed to me that it's rather a strange device or fund-raising facility to be putting into a tourist attraction of the calibre of Upper Canada Village.

There were a few other changes that fell into what I'd call a commercialism mode. I've noticed that there is a deterioration in quality and upkeep, even though, as you know and I know, the upkeep is done right there on the premises, and then this blatant commercialism is creeping into the operation, which gives me some concern. Even in these days of retrenchment and cutbacks and a total review of how we operate each and every facility that is publicly owned, maybe we could take another look at how the village is operated, with a thought to not detracting from what we've had there over the years.

I notice in the budget that there's a 12% increase to the St Lawrence Parks Commission. I didn't notice when I looked through exactly what that was going to be directed to, but I want to pass on to you my concern for what's taking place down there.

I've got a second thing; you probably can answer them at one time. The second thing is that I noticed — and this goes back to my previous incarnation also — that the Urban Transportation Development Corp had an actual of \$23.8 million and now there's one of \$8 million, and I catch up to it as an adjustment. I would like you, if you would, to enlighten me. I thought that erstwhile organization had left us, but I guess it left us with some entanglements. I was wondering if you would bring me up to date on that too.

**Hon Mr Saunderson:** First of all, I'd like to respond to Mr Kells on Upper Canada Village. I, like you, think it's a great facility and a great memory of our past. I would share your concerns that the village would not stay as it is. It is going to stay as it is, I want to assure you of that, but we do charge at the guest house now, and I think you're aware of that.

**Mr Kells:** That's not my complaint.

**Hon Mr Saunderson:** No, I know that.

We're appealing to a bigger cross-section of people. You have only to see the makeup of Metro Toronto to understand that there are many more from various parts of the world now living in Ontario. Therefore, I say that times have changed a bit. We have a real cross-section of people to appeal to, so they are going to be setting up the amusement facilities that you suggested. They are not going to be right on top of the village but will be a separate area. I want to assure you that we're not going to change the character of the place. What we're trying to do is, firstly, appeal to a bigger cross-section of people and, secondly, be more revenue-positive. That's why the change that you talked about is there.

I know that community is very concerned, because we all get letters, and I've had lots of letters from down there. You'll be glad to know that I'm going to be meeting at breakfast on Thursday morning in Kingston with people from the St Lawrence Parks Commission, dealing particularly with Fort Henry and the guard situation. That's a case where I'm quite convinced and certain that the private sector is going to step in. They are working with the private sector regarding the St Lawrence Parks Commission to come up with proper solutions that make it sensible for us to keep involved there.

There were funds provided by the ministry to the St Lawrence Parks Commission in 1994 to undertake a business-planning exercise. They worked with a consultant. The commission sought input from a large number of people and sources. The commission kept the community and the tourism stakeholders involved and provided lots of communiqués and informal presentations throughout 1995 and 1996. I was briefed by the commission on its proposed directions in the spring of this year. They subsequently submitted a five-year corporate plan in July and expressed the desire to proceed with the program review as quickly as possible.

In June, my deputy and the assistant deputy responsible for tourism visited the St Lawrence Parks Commission and discussed the program review process with the chair. At the end of July, beginning of August, some 80 people attended a public presentation of the plan they have come up with. It includes highlights to keep developing Fort Henry and Crysler Park as major destinations, as well as Upper Canada Village.

We are very aware of your concerns. We are handling it to the best of our abilities, keeping in mind the financial situation the government has found itself in. We are

trying to get the private sector more involved. Quite frankly, I hope to hear that that's about to happen with the St Lawrence Parks Commission when I meet with them on this Thursday morning down in Kingston.

On the second question, about UTDC, there is an investment that UTDC owns. It is the OBI investment that the previous government made. That is why you see that amount. In effect, the government is the shareholder of UTDC. At this stage of the game, OBI is hopefully going to be in a profitable situation. We're working very closely with the partners of OBI to make sure there's proper protection for the interests of the taxpayers. We're going to keep the jobs going. We have some guarantees with OBI, again contingent liabilities of the government.

We would not have negotiated the OBI deal. It has cost us something in the neighbourhood of \$100 million. Our liabilities are in the neighbourhood of \$20 million to \$25 million. You might be interested to know the date of the signing of this agreement. It was June 7, 1995, one day before the election was held. I found that somewhat hard to believe when I inherited this situation. But at this stage of the game we're honouring our obligations because it's the least costly option for taxpayers and we're hopeful that this will be a workout situation. We have had numerous meetings with the company that now owns OBI, Western Star. Mr Terry Peabody is the president and our ministry people continue to meet with him. We work very closely and we're happy to report that there are substantial sales of buses, but we have a contingent liability there. Hopefully, we will be able to part company in a sensible way.

**Mr Kells:** What is the ongoing exposure?

**Mr Wood:** I'm Brian Wood, assistant deputy minister of corporate services and agency relations. It varies. The transactions are broken down into three parts. The government has warrants, and then there's the bonding and then there are the warranties. At this time we're managing the warranties down. It was estimated to be around \$30 million. We've got it down to around \$17 million. We're managing it through UTDC and it's managing very effectively. The exposure of that is always there, but that was part of the transaction as we set it up, the part of the transaction as it was approved by the previous government.

**The Chair:** It seems we've run out of time. We stand adjourned until after routine proceedings tomorrow.

*The committee adjourned at 1725.*



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*\*In attendance / présents*

### Substitutions present / Membres remplaçants présents:

Mr Jack Carroll (Chatham-Kent PC) for Mr Clement  
Mr Tom Froese (St Catharines-Brock PC) for Mrs Ross  
Mr Monte Kwinter (Wilson Heights L) for Mr Cordiano  
Mr Tony Martin (Sault Ste Marie ND) for Mr Kormos

### Also taking part / Autres participants et participantes:

Mr Jean-Marc Lalonde (Prescott and Russell / Prescott et Russell L)

**Clerk / Greffier:** Mr Franco Carrozza



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## Assemblée législative de l'Ontario

Première session, 36<sup>e</sup> législature

# Official Report of Debates (Hansard)

Wednesday 23 October 1996

# Journal des débats (Hansard)

Mercredi 23 octobre 1996

**Standing committee on  
estimates**

**Comité permanent des  
budgets des dépenses**

Ministry of  
Economic Development,  
Trade and Tourism

Ministère du Développement  
économique, du Commerce  
et du Tourisme



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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATESCOMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Wednesday 23 October 1996

Mercredi 23 octobre 1996

*The committee met at 1537 in committee room 2.*MINISTRY OF ECONOMIC DEVELOPMENT,  
TRADE AND TOURISM

**The Chair (Mr Alvin Curling):** Can we start the estimates? Just a comment that the minister won't be here on Tuesday, and we could start on the Wednesday. As of today, we will be starting on Wednesday. Do we have unanimous consent to that?

**Mr Monte Kwinter (Wilson Heights):** I don't understand.

**The Chair:** The minister and staff will not be able to be here on Tuesday next week, and we will start back on Wednesday.

**Mr Kwinter:** Which means we will not be sitting on Tuesday.

**The Chair:** No.

**Mr Kwinter:** But we're still going to get the full hours.

**The Chair:** You'll get the full hours anyhow. Is that all right?

*Interjections.*

**The Chair:** I was just saying that the minister and staff are unable to be here on Tuesday, and we will not sit on Tuesday. We'll sit on Wednesday, but those hours will be added on. There's no loss of any hours on this.

**Mr Tony Clement (Brampton South):** So Tuesday the 29th there's no meeting.

**The Chair:** No. Is that all right? Agreed.

Where we left off yesterday, the rotation stopped at the Conservatives, and we will start off with the Liberals.

**Mr Kwinter:** I had an opportunity in one of the rounds to go over some of the remarks the minister made in his opening statement, and I didn't get to finish them all because of the time allocation. There is an area that has really bothered me. I'm not trying to be confrontational, I'm just trying to get some sense of how this thing is going to work, and I've not heard anybody explain it, certainly to my satisfaction.

I want to refer to Hansard in which when we talked about VLs, the minister said, and I quote: "I think we're going to make VLs legitimate, legal and aboveboard. We've got at least 20,000, we are told, illegal" — Hansard calls them "VLs," but I assume VLTs — "underground, and that's doing the community no good. So we're going to bring them out of the closet, so to speak, and I think this is the right way to do it." That is a quote from the minister, and I have no quarrel with him saying that, but I don't understand how that works.

At the present time there's an estimate, because if they are underground and illegal, I can't imagine that everybody knows how many there are or else they would close

them down. But there are estimates that there are about 20,000 illegal VLTs. What I don't understand is how the addition of another 25,000 is going to suddenly make these 20,000 go away. It would seem to me that if a VLT is illegal, then at least you have half a chance of finding out that they're illegal because any VLT today is illegal, and what happens is that when you legalize them, if you can't control them now when they're illegal, how could you possibly control them when they're legal, and who is going to be able to determine which ones are legal and which ones are illegal if right now you have no ability and no facility to deal with the illegal VLTs that are there? Could you respond to that for me, please?

**Hon William Saunderson (Minister of Economic Development, Trade and Tourism):** Yes. First of all, it's 20,000 VLs that are going to be ultimately placed at racetracks, at charitable gaming establishments and then in the licensed premises. The police have given us that figure of 20,000.

In your concern as to why would people stop using those illegal ones even though there are so-called above-board ones available, first of all, I've been told that the payoff on the underground VLs is not comparable to what the payoffs will be, so the win is not as great, and in other words whoever has those VLs is taking more of the bets. So I think that the payoffs are more real and fair in the way we would do it.

The other thing is that certainly the policing would be stepped up on the illegal VLs, and the police, quite frankly, are well-informed and know where they are. It's very difficult to stop people from going there, and it's their feeling that it will be a lot easier to do this once the legal ones are in operation.

The fact that the licensed premises will lose their licences if they don't operate their facilities properly I think sets a bit of a tone for people to operate correctly and not deal with minors, and the police will have probably a facility to get at the illegal VLs. The fact that it's a much more realistic payoff on the legal VLs will probably deter people from using the so-called underground ones.

**Mr Kwinter:** Do you really believe that?

**Hon Mr Saunderson:** That's what we're led to believe.

**Mr Kwinter:** I'm not asking what you're led to believe, I'm asking what you believe. I mean, does that make any sense to you?

Let me give you a scenario. If I was running an illegal VL — and you're telling me that there are 20,000 of them out there, estimated — I would welcome the idea that suddenly there's going to be another 20,000 legal ones, because it's going to make it far more difficult for



anyone to determine whether one is illegal or whether one is legal because they are now a fact of life, whereas right now, you tell me the police know where these are but they can't do anything about it, which is also an astounding statement. If they know where they are, why don't they just go in and confiscate them? They're illegal. The question is —

**Mr E.J. Douglas Rollins (Quinte):** They're not illegal until you start to pay out with them.

**Mr Kwinter:** A VLT that is used for gambling is currently illegal, and if they can't control them now, how do you expect them to control them once there are legal ones alongside? To suggest that people are going to come in and say, "What is the payoff on this?" and "It isn't quite the payoff that I need. I'm going to go somewhere else" also really defies credibility.

The people who use these things are using them because they are in a bar or they are in a restaurant. They're in a situation where this is just another adjunct to their evening's entertainment, and I can't believe any scenario where someone is going to get up and walk out because they've calculated on their calculator, "If I go four miles down the road and find a legal one, it's going to give me a slightly better chance on the odds."

The other thing, of course, is this much-talked-about study by the police, with the chief of police of the city of London chair of this committee. We've seen selected excerpts from it, but there is no question the police feel that with the increase of legal gambling, there is a corresponding increase in illegal gambling, and that is something that happens. It happens because suddenly it becomes more acceptable. All you have to do is take a look at what's happening with charity casinos.

When I was the minister — I can tell you there were no charity casinos on the scale that are here now — it was a constant challenge to police, and to make sure that the charities that were supposed to be getting this money were getting it. There was just far too much of this money being siphoned off before the charities even got it. In many cases the charities didn't get anything. They just used their names to circumvent the requirements for a licence and they didn't get any money. I'm sure the deputy will remember those situations very well.

I'm suggesting to you that when you get on this slippery slope of gambling, you are getting into a whole new league. You are getting into a position where there are people who are in various levels of the criminal element, who see this as a wonderful opportunity to make money, and I still have not been satisfied, with all due respect to your response, that somehow or other putting in legal VLTs is going to eliminate the illegal ones. I would suggest to you, and the indications are from people who have looked at this in other jurisdictions, that the minute you start putting in legal VLTs, you literally open the floodgates to more and more illegal ones. I'd like your response to that.

**Hon Mr Saunderson:** First of all, I think we have a much better understanding of the gambling industry. I think the casinos that have been erected in Ontario have been well-run, and we are well under way on that subject.

Coming back to the VLs, the legal machines will have a government sticker on them, and as I said to you, the

payoff will be much more reasonable, we are told, on the machines that are operated through the Ontario Lottery Corp. If an illegal machine is found in a licensed establishment, the threat is there to remove the liquor licence, and I think, as well as having a sticker, it's going to have a machine that will be readable on the screen that it is a government-controlled machine and that the payout is therefore regulated by Ontario. I may be repeating myself a bit.

To go back to when we talked about the hospitality section, I think they welcome a regulated environment. Obviously, some of these machines are in some licensed establishments. We don't see them, but we hear they are there. The people who play these games would much rather be playing in a regulated environment, and I think that yes, they may exist for a while, but in the long run they will tend to disappear over a period of time. I don't think the illegal VLs will disappear immediately. I think we'd be fooling ourselves if we said that, but given the fact that we've had a good experience with the casinos, we will use that same experience to make sure there's a proper atmosphere for how these games are played. Yes, I agree that these illegal VLs may exist for some time, but I think in the long run — it takes time to make a change, but I think people would much rather be involved in this in a regulated atmosphere.

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**Mr Kwinter:** When you talk about your good experience with the casinos, that's a very easy situation. You've got three casinos in Ontario, one at Rama, two in Windsor, and it's a controlled atmosphere. You control everybody coming in, you control everybody going out. It's very, very easy to say we have a great experience there, because it's very easy to control. You don't have to be a rocket scientist to control that.

But when you have the situation where these things are going to proliferate throughout the province, there are going to be some at racetracks and that's going to compound the problem a little bit because you're not going to have the same kind of control at a racetrack that you had at a casino. You're also going to have them in licensed premises and in charity casinos. All of these things provide opportunities for abuse, and human nature being what it is, there's going to be some. Of course, there are going to be law-abiding operators who are going to stick to the letter of the law and everything is going to be fine, but there are going to be lots of them — not lots of them, but some of them — who are not.

The question I want to ask is, in your projections, and I assume you've made some, otherwise I can't believe you would go ahead with the program, what is the anticipated profit for Ontario on the VLTs? I know that just before the last election, all the parties were being lobbied by people who were trying to get the contract for providing VLTs and were telling us about these huge amounts of money that the province was going to be able to generate in tax revenues as a result of the VLTs. Could you tell me what that figure is that is projected for the 20,000 VLTs that are going to be put into service?

**Hon Mr Saunderson:** Yes. Before I do that, you seem to imply that control at casinos is rather easy. It's not really. It has to have a real level of sophistication.

**Mr Kwinter:** You're making my arguments. Don't tell me that.

**Hon Mr Saunderson:** And we have that level of sophistication. I've toured the casinos and the back rooms and I know how they operate, I know how carefully they watch what's going on.

By the way, the gross revenue generated that will come from VLs when they're all in place and operating is expected to be around half a billion dollars. That's a little bit more than the Windsor casino generates. We've been able to do the casino situation well. I see no reason why we won't be able to do VLs properly. I guess it's your thoughts against my thoughts, but I feel comfortable that we will have a proper system in place.

As you know, wherever the licensed premise is, in other provinces there is an enclosure where the machines usually are and they are forbidden to allow minors, defining a minor as under 19. I've seen them at the airport in Winnipeg, as you no doubt have too, and I think we are going to make sure that because they're out in the open, the people who play those games are adults. Running the risk of losing your liquor licence is a huge cost to business.

I feel that my confidence isn't misplaced. Basically people obey the law, generally speaking. There are some bad occasions — we all know about those — but I think they will be law-abiding people on the whole and use the VLs that are available to them. Only time will tell.

**The Chair:** I think we've run out of time for you, Mr Kwinter.

**Mr Kwinter:** It goes so fast.

**The Chair:** Yes, our time goes pretty fast here.

**Hon Mr Saunderson:** When you're having fun it goes fast.

**The Chair:** Mr Marchese, you have your opportunity to have some fun now.

**Mr Rosario Marchese (Fort York):** Oh, not fun, a discussion, a dialogue, which could be entertaining.

Mr Saunderson, I have a few things. I want to touch a bit on the casino issue and then touch on other matters having to do with jobs, generally speaking, and how that connects to your own ministry and government particularly and generally.

What we did with casinos was to set up one pilot project, and we began with that in Windsor, on the basis that we needed to study it for at least three years to get a good sense of the effects the casino would have on individuals and on communities and the extent to which criminal elements could be involved and how we might contain that or prevent it from happening if possible. The point was to establish a pilot and not to have casinos all over the world because we know by other experiences that generally it's a problem and if you proliferate them, you're likely not to be able to contain the problems that come with them.

What you're doing, however, with the VLTs is rather a bigger matter. They are going to be all over Ontario, and I'm not sure you're proceeding on the same basis as we did. You say we've had good experiences with the casinos as if to suggest that we studied the matter around casinos. Now we know everything is all right and we can now get into VLTs generally across Ontario and it will be

all right because we have the experience of casinos to teach us how to contain whatever problems might follow from that. Is that the argument you are using?

**Hon Mr Saunderson:** Yes. But before I do that, I just realized that I neglected to say one thing. When VLs were introduced in Quebec, according to the police there, most of the illegal machines ultimately disappeared because of increased police enforcement, police looking for abuse of the privilege of having VLs and liquor licences together. I wanted to mention that.

You established the Windsor casino, and I think very correctly, as the pilot project. I think it's to your government's credit that it has worked out very well and it has given us a lead on how to do other casinos. I might say, by the way, that we are now creating an industry in Ontario based on the casino where trained people are now able to move to other casinos in Ontario and, hopefully, the machines will come to be manufactured in Ontario. We're trying to have that happen.

The VLs will be introduced gradually just like you introduced the casino idea gradually. As you know, and I think I mentioned earlier, the VLs will be introduced first at the racetracks where I think it's very easy to keep control and keep a watch and see how things are going there. Then they will go to the charitable gaming operations, and again you can watch for problems as this happens. Ultimately, I think there will be about 10,000 or a little less than 10,000 go to the licensed establishments. By the way, that does not mean that every licensed establishment is going to have one. I think it's going to be the more reputable licensed establishments, not every little place that has a liquor licence.

Also, we can use the experience from other provinces. There are many other provinces in Canada that have done this. They are being very cooperative with us and we can study what their experiences have been. Yes, there can be problems from time to time, and we're looking forward to having access and learning from those provinces. So that's our thought process on that.

**Mr Marchese:** You mentioned that you would gross half a billion. Is that once all these VLTs are in place over whatever period of time, however many there are in totality?

**Hon Mr Saunderson:** That's what will happen. It will be the total gross when things get in place.

**Mr Marchese:** Right, and all of that will be in place — how long again?

**Hon Mr Saunderson:** I think it's going to take a couple of years. We announced it in the spring budget and we are now coming to the end of 1996. It strikes me that it would be three or four years, but I really have not had a clear discussion with the people at the lottery corporation about this.

**Mr Marchese:** These estimates are drawn from experiences in other provinces? Is that it?

**Hon Mr Saunderson:** Yes.

**Mr Marchese:** You say not every establishment will get it. Who determines who will get VLTs in their establishments?

**Hon Mr Saunderson:** I think people will apply. We're not at that stage yet. There are only, I think, something like 17 to 20 racetracks in Ontario, and we still have not



settled on the number of charitable gaming houses or establishments. We've got to get them into the racetracks first. I think that's going to be next year's event probably, and we'll watch that happen. A year for each step makes some sense, although that hasn't been finalized yet.

**1600**

**Mr Marchese:** I'm not sure what your own personal view is on that, and maybe you've stated that, but I'm not a big fan of these things. The extent of my gambling has to do with buying a Lottario ticket. That's about it. It's like me smoking once a month, that kind of thing. I'm not a smoker and I don't classify myself as a gambler. I really believe it's a problem in terms of the effects it has on people and on communities. Do you have a personal view yourself, Mr Saunderson, of these machines?

**Hon Mr Saunderson:** I have a pretty open mind to the way life is changing. I think back to when I was growing up. We weren't allowed to play cards in my house on Sunday, and that's when we visited an elderly aunt. But I think times have changed a lot, and I have watched the times change. When we first started, when gambling was even considered in this province, I thought back, "Where else is it done?" It was done in some states but the original was the great casino in Monte Carlo.

But since when I was younger, I've watched the entertainment dollar be competed for by so many different areas, whether it's sport, theatre or what have you, and part of entertainment is gambling. We have the major gambling casinos in Las Vegas, which is not only gambling but a nightclub atmosphere. People's tastes have changed.

I've seen people at the Windsor casino, for example — yes, there are the professional gamblers, but there are many people who go to experience it from time to time. It's a night out. You can eat in these establishments. The restaurants in Orillia at the Rama casino are very good. They may spend \$100 on gambling and, to me, that's no different than buying theatre tickets, which are not cheap, and going to see Phantom of the Opera or something like that. People seem to be demanding new forms of entertainment and it's documented whether some are advisable or not, but anyway.

**Mr Marchese:** I'm not quite sure about that. I'm not sure if things have changed all that radically in terms of people's desire to gamble 30 years ago or 20 years ago or 10 years ago. My sense is that there's always a desire in some people to gamble. There's no doubt about that. That's why I supported one pilot as a casino.

You might have two or you might happen to have three, I suppose, but as soon as you proliferate these things, you're making it part of the culture. You're almost encouraging it. I believe it to be a profound mistake. Whether it's VLTs, the more you proliferate these things, the more you create the need, just as in this consumptive society we create needs where there may not be any and then we normalize it and we pretend it's all right because everybody wants it. I profoundly believe it's a mistake for governments to legitimize and proliferate these machines, but I won't ask for your comment on that because it may be a matter of a difference of opinion, I'm not sure.

I want to get into the issue of jobs. Unemployment has gone up in this province, and the policy of the Conservative government of course was to make jobs in this province better. We have seen the private sector laying off people in massive numbers. Couple that with government's desire to lay off so that they can operate as a corporation and we're seeing the private sector laying people off and the public sector laying people off and we have incredibly high unemployment. Under your policies, we should have seen a better job market, but it's gotten worse.

**Mr Rollins:** There's 99,000 more jobs than a year ago.

**Mr Marchese:** Unemployment has gone up, Mr Saunderson. I'm not sure what that other colleague is saying over there. What's your response to that?

**Hon Mr Saunderson:** Just before I do, I want to say that gambling, just to finish up on that subject —

**Mr Marchese:** But I already finished on that.

**Hon Mr Saunderson:** I haven't, though.

**Mr Marchese:** I realize that, but I asked you another question. Please respond to that.

**Hon Mr Saunderson:** I have to work within time constraints here. All I want to say to you very quickly is that gambling has gone on. Even in the Bible it's referred to. The Romans gambled on horse racing, and so it has gone. I just think —

**Mr Marchese:** I appreciate that. Times haven't changed.

**Hon Mr Saunderson:** No, times haven't changed, but the form of gambling has changed, and I think, as a result of our policy on VLs, that the charities are going to much greater beneficiaries than they were in the past. We all have our personal views on gambling, and that's all I want to say about that.

As to your question on jobs, let me just say that we're very proud of the job situation in the province at the present time. Yes, we from time to time have blips, as the Prime Minister calls them — he called the most recent downturn in jobs in September a blip, and I would agree with that — but generally speaking, the figure I use, because I think it's the right one, since the election there have been roughly 105,000 net new jobs created in Ontario. As you know, that's quite an improvement over the last five years where, when your government was in power, there ended up being 10,000 fewer jobs than when you started. But to give you your due, you were going through some difficult economic times.

I think our policies are working, though. I've had the pleasure of being out just in the last three weeks at seven different plant openings or expansions or ribbon cuttings or new announcements, and all of this is not jobs now but jobs down the road. I think the bigger the backlog of construction that's going on to build additions or new plants, those jobs are going to be there down the road and are going to be very pleasant surprises. That's just an opening statement.

**Mr Marchese:** I appreciate that.

**Hon Mr Saunderson:** I'm happy to come back to it.

**Mr Marchese:** I just want to engage you a bit in this regard. I know that you and all of your members in this committee and the government are proud of your record and policies. I recall when we as a government used to

quote figures about jobs we were creating, your colleagues who were there at the time used to make fun of those figures. Never once did they acknowledge the recession. I understand that. You do now in government, which is nice.

**Hon Mr Saunderson:** I would have acknowledged it even then.

**Mr Marchese:** You might have.

**Mr Rollins:** So would I.

**Mr Marchese:** So would a few others, they say now. In government they tend to be magnanimous. But in opposition — we used to quote all the statistical numbers of job creation we were engaged in, because we put some bucks into job creation — and your members used to make fun of those numbers. Now you quite proudly talk about your numbers and how many jobs you're creating, and I talk about the fact that unemployment has gone up, and of course you don't deal with that. You deal with the fact that you have created some jobs, however indirectly you're creating them, while I say unemployment has gone up in Ontario.

The problem for me is that I worry about those people who are unemployed, which is not to say you don't worry about them, but who is worried about how we take care of those people who are unemployed? The unemployment records are very high, they will continue to be high, and these people are on the streets. It's nice for you to talk about the fact that you think there are going to be additional new jobs, but I'm not very optimistic about that. When I see the numbers going up, I'm worried about your policies and how they are reflected in those unemployment numbers. How do you speak to the fact that unemployment has gone up? That's the first question, and then I'll come back to the whole issue of the public sector losing jobs and how you think that's helping the economy.

**The Chair:** You may have to come back to that on your next round. If the minister can comment in 10 seconds, that would be quite appropriate for me.

**Hon Mr Saunderson:** First of all, we have decided that we are not going to give cash, write cheques to businesses. We want to create the right business climate, and I'll talk more about that, because we can come back to this subject if you'd like.

**The Chair:** You're very cooperative, Minister.

**Mr Rollins:** I've got a couple of things I want to comment on. One of the first things that these people are talking about, job creation, down in the little area of Quinte, just east of us — I guess it would be in Gary Fox's riding of Prince Edward-Lennox-South Hastings — there's a native reserve and there's a little college down there, and they have started to deal with unemployment by teaching the natives to work for the casinos.

My goodness, they put on a course down there for about six weeks and they can graduate about 19 people at a time. They have already graduated their first class, and those people are all working in casinos or those kinds of establishments. It's one more good news thing that has happened down in our area, and I know they've got other classes being filled, three or four. They can only accommodate 18 or 19 at a time. It's a first nations college

down there that's doing it, and it's one more thing that I think through your ministry has been helped somewhat.

**1610**

Last spring, through the St Lawrence Parks Commission, I had the privilege of representing you in opening Old Fort Henry in Kingston. There again, that establishment has turned around somewhat to where they are spending some of the dollars we as a government are putting into it so entrepreneurs and individuals going into that place to sell memorabilia can generate some more work in the private sector, and I comment very much on that.

One of the questions I would like to have you address, and I know the silos of one ministry and another ministry are a little bit different than what they have been in the past, but it bothers me muchly that in tourism one of the biggest things that we really pride ourselves on in Ontario is that we need to look good, and our tourists coming into the province have unfortunately had to drive along the 401 without the grass being cut in those areas. I know it may not be a tourism thing as much, but is there any way, through your ministry, we can help the highways ministry to see whether we can make that improvement along the roadway to make our visitors feel a little more at home than we have in the last summer or two?

**Hon Mr Saunderson:** I appreciate your comments, Mr Rollins. I would like to start off my answer by saying I'm going through your area tonight to end up in Kingston. I will be meeting with the Fort Henry people tomorrow morning at 8 o'clock for breakfast, and I'd like to let you know that they are trying to have the private sector annually contribute \$200,000 to keep the fort operating and all the things that people like, such as the guard change and those things.

I spoke to Mr Gerretsen and said to him that I hope that because of his close relationship with the city of Kingston and with Peter Milliken, who is the Liberal MP from that area, that the federal government would also see some way to do something that would encourage the financial security of Fort Henry.

I'm going to meet with the St Lawrence Parks Commission people also tomorrow morning, because as you know, there is this concern about keeping the atmosphere at Upper Canada Village very clean and very pioneer-like, yet we do have to have some revenue producers nearby, so we're trying to make that all work.

On the highways that you've alluded to we are going through a new signage process, privatization of signage, and I referred a little bit to that the other day. I think the signs are going to be very good-looking and yet will be done by the private sector, and those people who want to appear on the signs will appear at their expense.

I think you raise a good point about cutting the grass. We drive around and we notice the wonderful trees and the colours that change, and we do notice the high grass from time to time. That is the responsibility of the Ministry of Transportation and I have really not discussed that with the minister, but I would be very happy to do that if you would like me to. I undertake to do that, because there's no doubt that it does create a good impression on people when they are entering our country and our province.



**Mr Rollins:** I would appreciate that, Minister, because I think it does, particularly for our out-of-province visitors, really help out.

I also was surprised to learn this spring, when I was down to Old Fort Henry when they opened it, that over 100,000 people a year visit that establishment. It's a pretty phenomenal number of people, and a lot of that number are Americans. I think if those people can come in and we can make them feel welcome and shake a few nickels out of their pockets while they're here, it certainly helps the economy of Ontario. Just anything we can do to keep encouraging that St Lawrence parkway to be privatized but still keep open would certainly be an asset to eastern Ontario and, in turn, to all of Ontario.

**Hon Mr Saunderson:** Your point is well taken. These are really provincial treasures and it would be a shame to not make sure that they survive. I'm convinced they will, by the way. As you know, we've been trying to have the private sector step in a lot more to all aspects of business, including tourism. If we can do partnerships with them, I think that's the right way to do it.

Tourism is new to the ministry, number one, but, second, it is a very interesting adjunct to the ministry in that every location in Ontario, regardless of its size and what kind of geography it is or how it fits into the municipal structure, always creates its own map. We're probably overmapped in this province or overinformed because we put out something, then the municipality does and then the little museum does. Even in Toronto this happens. Everyone has a very good idea of how best to publicize their area, their region or their facility.

It's going to take time to try to eliminate some of that duplication, but what we're trying to do in the process is to get more partnerships between the private sector and the government. Supposing it's the town of Collingwood. Why wouldn't all the ski developments put an advertisement in the map of Collingwood? Everybody wins in that situation. I find this is the biggest challenge for me in the tourism industry, to try to get people to pull together and not pull apart and not be in conflict from time to time.

It's a marvellous industry. It's our fourth-biggest export industry, and you point that out. You want people to be impressed when they come into the province. It has created somewhere in the neighbourhood of 225,000 direct jobs and probably another 150,000 indirect jobs in tourism. Tourism is not what it used to be; it's much more year-round now. There were times when the snows came and the city people all stayed home. That doesn't happen any more.

We have a marvellous industry and I'm happy to say that we are touting this industry and our province when we travel abroad to make sure that we have proper people representing us in, say, Japan, Germany, England or France, doing the brochures to get people to come to Ontario.

I don't know if you're aware that I'm going to Japan in the middle of the month. I know we are going to be meeting with the people who represent us in Japan, trying to get more tourists here. As you know, it is happening. When the Keidanren people were here a couple of weeks ago, we made darned sure that they got over to the

Niagara region, for example, and saw what tourism is about in that region.

Back to the grass: I will go to Al Palladini and talk to him about that.

**Mr Rollins:** Thank you.

1620

**Mr Wayne Wettlaufer (Kitchener):** Minister, for a number of years I've been particularly interested in the Ontario Lottery Corp. I may ask you some questions today that you may not be able to answer and I understand that. Perhaps your deputy minister will be able to answer them, and if not, I would be more than happy to have them answered at another time.

One of the things I noticed on page 6 of the estimates briefing book, the Ontario Lottery Corp had actual revenue interim, 1995-96, of \$645 million. By the time the year-end came in, the net income was \$626 million, but that's only \$19 million off. The revenue estimates for 1996-97 are shown as \$736 million. In the Ontario Lottery Corp's annual statement, the Ontario Lottery Corp showed a 4.9% increase for Pick 3 last year — I'm sorry. That was for Lotto 6-49, a 4.9% increase; Pick 3, a 9.6% increase. All the other products showed a decrease in sales: 24.8% for Wintario, 15.4% for Lottario, 22.5% for Celebration and 7.9% for Ontario Instant Millions.

One of the things I would ask whether or not we would consider eliminating some of these products that showed a decrease in sales. The second thing I would be concerned about is having an estimate of over \$100 million over last year's revenue when in actual fact the products are decreasing. Those are some questions. I have others as well, but if you want to answer those, if you can. I'm not sure you can.

**Hon Mr Saunderson:** Yes, you're right. You've got an interest in the Ontario Lottery Corp, a great interest; so have I, because it produces a lot of revenue for the province. My budget figures for this year are about \$702 million for the year that we're in. The actual figure for 1995-96 that I have is \$665 million, and I think that's pretty close to what you were saying.

But you're asking about some of the games that are played. There's a business case drawn up for each game and I think they have just eliminated —

**Mr Clement:** Wintario.

**Hon Mr Saunderson:** Yes, it was Wintario. They just eliminated that one because, we're told, people tend to tire of games. They want to have a new one and they like the arrangements of the new games and the old ones are not as — I guess everybody likes a new challenge. So they make a business case for each of these games.

I can't give you by rote the business case for each of those games. I'm happy to get those things for you, if you'd like.

**Mr Wettlaufer:** Any time, sure.

**Hon Mr Saunderson:** Yes, we will look into that. But the board is the one that makes the decision and we've appointed recently to the board, within the last six months, four very good business people. These are people who are solid business people and have very good analytical skills. So we'll try to get the case for each one of the games, if that's what you'd like.

**Mr Wettlaufer:** I'd appreciate that very much.

**The Chair:** As part of the Liberal time, Mr Cleary.

**Mr John C. Cleary (Cornwall):** I want to go back a little bit to tourism. I've been involved a lot in it in the last 25 years and worked with a lot of different groups. We've run into a lot of brick walls and I have a memo dated September 11, 1996, from the Ontario Tourism Council, which I must say does not paint a favourable portrait of the minister.

The memo states that you have headed in your own direction without consulting the tourism industry and that you've adopted a door-slamming-in-the-face approach with the group. From the written document that has been forwarded to my office, as well as discussions I have shared with one of the council members, they are agitated that you rejected outright the Ontario tourism marketing corporate plan, a plan on which hundreds of people, a lot of them in eastern Ontario, involved directly in the tourism industry, had worked for several years, a plan which has fostered the support of professionals involved in the trade: travel and association members representing over 20,000 tourism business owners and operators as well as 400 individual business operators and owners from every area of the province. Yet, despite the tremendous level of support, you apparently completely rejected the plan to create the Ontario Tourism Marketing Corp. They are very upset with you that you did not even bother to consider alternative options, just a resounding, "No, get lost."

I would like to know why you turned this group down and if you are willing to work with this group at all.

**Hon Mr Saunderson:** First of all, I'm used to harsh words now. I wasn't when I first got into this business, and I was sort of shocked the first question I received in the House from Mr Kwinter. I thought, "Gee, I didn't know life was like this here." Over the 15 or 16 months I have been into this new career, which I like very much, I'm used to people saying I don't know what I'm doing and things like that. I think I do know what I'm doing and I think I'm doing it the right way.

However, to answer your question, I guess you got that memo from somebody who didn't necessarily like the way we handled things, but we had the Ontario Tourism Council under Mr Michael Beckley. It was established by the previous government. They made their study and came to us, and they wanted us to establish a not-for-profit Ontario Tourism Marketing Corp, which you referred to. We felt that we could not, in all honesty, turn over the tourism budget — granted, some of these people have been successful in the tourist industry — we did not think that we could commit all of that money to a group which had not necessarily had a track record on doing this type of work for us. So that was it, and we decided that we were going to ask the industry to help us in the formation of a minister's task force that would be a new public-private sector partnership and that would form the foundation for a new partnership with the industry. That would be the first step to increasing Ontario's competitiveness in the industry.

Over the next four months, as we get this under way, we wanted to get a five-year strategic tourism marketing program, provide input into the 1997-98 ministry tourism

marketing plan and develop a strategy for Ontario to lever additional Canadian tourism funding — that's the Canadian tourism commission, which operates from Ottawa — and also we wanted to get the private sector more involved.

I guess if somebody wants to say that they don't approve of what we're doing, it's their privilege to do that, but I really think this is the right way to go.

**Mr Cleary:** The task force is just putting people off for another length of time, you know. You said four months.

**Hon Mr Saunderson:** Well, no. This will be up and running in time to provide input to the marketing plan for 1997-98, and we're halfway through this year. We've gone through a great shake-up with tourism because of bringing it into this ministry, and still I think what we've come up with is a good team in our ministry doing tourism under the capable leadership of Jean Lam, the ADM responsible for that, so the downsizing that went with it I don't think has hurt us.

Our job now is to market Ontario, not only for tourism but as a place to invest and do business and expand here, and we're in the process of coming up with, and hopefully will be able to announce soon, a new marketing plan in which tourism will be very much involved.

1630

**Mr Cleary:** I know a lot of the residents of eastern Ontario spent a lot of time and they're very disappointed, and I would hope that someone would listen to them. Maybe Ms Lam will listen to them if you have no time for them.

**Hon Mr Saunderson:** I have to say that eastern Ontario will be well represented on our task force, and also, I've spent a lot of time in eastern Ontario since being elected, on tourism.

**Mr Cleary:** But what have you done in eastern Ontario? Name me one thing you've done. You told me in the House, but I didn't see anything yet.

**Hon Mr Saunderson:** We've gone down there and we've listened to what these people really want. Believe it or not, it's been a long time since a minister of tourism has actually been out and listening to what people have wanted, and we've been told that's true, so I —

**Mr Cleary:** That is not true.

**Hon Mr Saunderson:** That's what I'm hearing. Anyway, I feel that my job and our job is to go out there and listen and travel down into these regions and meet with them. The eastern Ontario people have seen a lot of me and my ministry, including my deputy and the ADM, and also Mr Grimmer, who is the parliamentary assistant, has been down there a lot.

Also, I have to tell you that not all of the tourism industry was as cutting as what you've just read to me. The OTMC was not the unanimous choice of the people who were involved with it.

All I can tell you is you'll have to take my word that we're paying attention to all regions of the province and that includes eastern Ontario. In fact we took out with us to California, San Jose to be specific, 10 companies from the Ottawa-Carleton area and also the Ocedco chairman and two of the Ottawa-based universities, and they all had a chance to talk about their region, and they didn't



necessarily talk about the information technology industry. They talked about tourism and they talked about education, and I think that was a good way to expose people on the west coast of the United States to your region.

**Mr Cleary:** I happened to be around here for a little while, and I know the former minister under the former government and his parliamentary assistant, Dan Waters, were in eastern Ontario a lot, because I was at the same meetings they were. Hugh O'Neil was the Minister of Tourism and he was down there a lot, so I don't know how you could sit there and say that.

**Hon Mr Saunderson:** I was told that, for instance, when I'm going to Kingston tomorrow and talking to Fort Henry and the St Lawrence Parks people, they're rather surprised that they're going to see a minister.

**Mr Cleary:** You ask those people you're meeting with if those other ministers didn't meet with them, because I was there. I know and I'm not that forgetful.

Now I want to talk about the St Lawrence Parks Commission. I'm sure you knew that I would raise this issue because I've been getting vague answers from you, and I want to get down to the reopening of the parks that are closed. I know that several private sector proposals have gone in to the former government and this government. The previous government blamed successor rights. Now that you have almost one and a half years under your belt, I don't see that you're producing any results either. Back on April 2 this year, you stated that you were working on very innovative and creative ways to manage the facilities and that when the summer was finished we were going to have a very prosperous season in eastern Ontario. On May 3, you stated, "I want you to know that the government is trying to open these parks, and I'm very hopeful that a lease can be reached."

Then there's Noble Villeneuve, an individual who should particularly be interested in these parks, because they're right in his backyard. Over two years ago, Mr Villeneuve stated: "We have to get these parks open next year. One way or another, let's get these parks open in the springtime. The private operators can do a good job. Reopen the parks. I hope that the government addresses this before the summer of 1994." Of course, that's when he was in opposition, but it's a little bit different now.

In any event, you and members of your cabinet have said the parks should be open. You've even clarified that the private sector would be the most likely resource, and ever since you've come to the committee you've been talking about the private sector. I wholeheartedly support you on private sector investors. If you and your colleague from S-D-G & East Grenville and supposedly government can support reopening the parks through the private sector, I suggest that then you do something. You have already let a summer go by and these parks are still closed. This would have meant a lot to eastern Ontario, lost summer jobs, lost tourism dollars, and those tourism dollars could have come not even from within the boundaries of Ontario; they could have come from the province of Quebec and the United States if those parks had been open. Lost opportunity for investors, spinoffs in the economy. Will you commit here today that you will do everything in your power that for those parks, some-

thing can be done through the private sector for the 1997 season?

**Hon Mr Saunderson:** I hope those parks are going to open. We're talking, for the others who aren't familiar with the two parks, about Raisin River and Charlottenburgh parks.

**Mr Cleary:** Three of them; Lakeview Heights too.

**Hon Mr Saunderson:** Yes. We want to have the best climate for business so that your St Lawrence Parks Commission, which you're very fond of and I can understand why, will get more interest in leasing its closed parks. Unlike the last requests for bids, the crown is now exempt from applying successor rights, which increases the commission's flexibility to lease parks. I'm pleased to let you know that the commission is working with the Charlottenburgh township as an example to develop a lease to operate Raisin River park in 1997 and to look at the future of Charlottenburgh park as well, and the other one you mentioned.

We hope that Charlottenburgh township will follow up, because they're seriously considering operating the Raisin River park in 1997 and we're going to work with them to make this happen, we hope. I know that you've been very concerned since 1990 on this situation and I know you asked me a question about it as well. I can understand your concern.

**Mr Cleary:** It's good for jobs, very good.

**Hon Mr Saunderson:** It means jobs, yes, but I think what we have done, and I would just like to remind you that in my opinion the tourism business is the quintessential small business in Ontario. We've done a great deal to help small business and I think it's starting to work, because I spent some time in some of our tourist establishments this summer and the fact that we have lowered the income tax, the personal tax rate, does leave more money in the operators' pockets. The fact that the minimum wage has been frozen allows temporary employment, particularly students in the summer, to be hired easier than they were. The fact that we're eliminating the employee health tax on the first \$400,000 of payroll, I think that's a big benefit to small business and it provides them with up to \$10,000, depending on their payroll, of working capital.

We're certainly making an effort to help the small business. As I say, that is the backbone of the tourism industry, small business. If we can get partnerships in that community you're talking about —

**Mr Cleary:** You have them.

**Hon Mr Saunderson:** If it all works out with how our people were working with them, then we would like to reopen them. I guess St Lawrence Parks since 1980 closed eight park sites. This is including the three that you're talking about.

**Mr Cleary:** I know where every one of them is, yes.

**Hon Mr Saunderson:** Once again, we would like to get some public tendering going to get people involved in these parks. But some of the proposals were rejected; people did not want to bid on them.

**Mr Cleary:** I know the municipality has been dying to meet with you, and I've sent those letters over.

**Hon Mr Saunderson:** When I'm down that way, I would like to meet with them too, believe me.

1640

**Mr Tony Martin (Sault Ste Marie):** I'd actually like to follow up on that line of questioning, because I think it's a good one. We need to sometimes focus specifically on areas where this government has a responsibility to give leadership, where this government has a responsibility to make decisions but they're dragging their feet and they're not making the decisions and they're not giving leadership. If you don't, at the end of the day we miss the opportunity to create jobs and to stimulate the economy. I want to just for a few minutes, if I might be allowed to be parochial, raise a couple of issues that are closer to home but have some provincial ramifications.

One of them is the issue of franchising in Ontario, an issue that I've raised as a private member in the House and brought a bill forward and also that I've talked with the Minister of Consumer and Commercial Relations about and have gotten some response from him, but it seems to me that he probably needs some support from his cabinet colleagues. The franchise operation I'm referring to is the Loeb situation, where right now in Ontario, particularly northeastern Ontario and eastern Ontario, we have a situation where Provigo, which is the parent company out of Montreal, has decided that it's not making enough profit from its stores in Ontario, which are primarily in the northeast and east of the province. There are 100-and-some stores. I'm speaking specifically here today about 22 of those operations.

There's a move by Provigo to turn a whole lot of these stores into corporate stores, corporate franchises, which means less economic activity for the communities in which they are located. It means that no longer will these stores be run and managed by a franchisee who lives and actually spends money and pays taxes in a particular community. Twenty-two of these Loeb franchisees have been forced into a situation where they're now taking their parent, Provigo, to court, because there isn't a level playing field for them and the agreement that they entered into when they first signed the contract with Loeb and Provigo is not being honoured in the same way that they expected it would be.

They have come to me because they have this personal concern. My whole community has rallied around the two stores in Sault Ste Marie because these stores are seen in my community to be an excellent example of what it means to be a good corporate citizen. They are a major employer and they are a unionized workplace and treat their employees as best they can, given the profit margin that they are allowed by Provigo. The community appreciates the fact that these companies participate in the life of the community in many significant and interesting ways in a charitable nature, by providing opportunity for different community organizations to use their space and to use wagons that they've designed to cook hamburgers and hot dogs and to sell them to the public, any money made through that venture to be turned over to the charity that's sponsoring on that particular day.

Another point that I need to make here is that these corporations have also found it within their purview to be helpful, on a couple of occasions that I know of, to labour groups that have gone on strike in our community for better wages and working conditions. I remember one

situation where the Golden Mile Loeb franchiser, Mr Larry Cairns, actually came to a picnic when the workers at the Sault Star were on strike and with a number of community leaders served hamburgers free to the families of the people on strike and sold them to others who came in support. At the end of the day, he turned any money that was made that day by the sale of hamburgers over to the striking workers so that they would be able to buy groceries and pay the rent while they had this dispute.

So in my community you have a unique circumstance where management and labour and the community have come together. My community wants to support Loeb in its battle with the larger entity of Provigo, out of Montreal, and have come to the government to ask for a very simple piece of legislation to be put in place. They call it the fair franchising practices act. It's an act that's in place in other jurisdictions, in England. There is a bill that was passed in Alberta and also in Québec, but Ontario isn't covered. They're asking you, Minister, and your government to help them — this is the small business sector in our province — by providing a level playing field so that they can continue to contribute to the economy of our province and the communities in which they're located in a positive and constructive way.

Are you aware of this and will you be willing to support your cabinet colleague the Minister of Consumer and Commercial Relations, who has given some positive vibes so far, in bringing this forward as quickly as possible? These folks stand to lose their stores on November 2. Because they took the courageous step of actually going to court to protect their rights, the parent company has now told them that they're walking away from the agreement that they signed, their contract, and they're going to be out of their shops on November 2 unless something is done. Are you willing to support your colleague in cabinet to protect the small business sector in this province and to take some action that will be positive in this respect?

**Hon Mr Saunderson:** First of all, I'm certainly concerned about small business, as we all are. This is small business week. There are great statistics about small businesses. Basically, of all the businesses in Ontario, 98% of them are small businesses if you define small business to be 100 or fewer employees.

This franchising subject that you've raised is really the responsibility — and I think you acknowledge that — of Mr Tsubouchi in CCR. This matter may be coming before the courts. I'm just not sure where it stands at this stage. Because of that, it's inappropriate for me to comment on this particular situation you're talking about. I know, from talking with the Minister of Consumer and Commercial Relations, he is interested in the franchise issue per se, and I know he's dealing with it because I've heard him raise the subject from time to time.

I'm certainly supportive of small business and I'm sure that Mr Tsubouchi — and I hope you've raised this with him, by the way —

**Mr Martin:** I have.

**Hon Mr Saunderson:** Good. I know, therefore, that he will be dealing with it, as he deals with all franchisers and franchisees.

Back to the small business section. I just want to give you my assurance that this government is very supportive



of small business, for all the reasons I gave a little while ago. I'm not going to waste the time going through that all again, but we are very concerned and we know that they are great engines of growth and job creation.

1650

**Mr Martin:** We're certainly agreeing on that level. I guess where we're disagreeing to some degree, and following up on the questions that were asked by my colleague in the official opposition, is that this government has to take some action, though, to both protect and encourage the small business sector in this province in a world that is increasingly more and more aggressive and more and more becoming a place where the bigger gets bigger and the smaller gets smaller or disappears altogether.

That's just not in the issue of management versus labour, it's also in the big business-small business sector. We have a perfect example here where you have a big corporation, Provigo — a huge corporation, Provigo — putting the squeeze on small entrepreneurs living in our communities, investing all of their money, putting all of their energy and effort into making sure these stores are successful. Then, at the end of the day, because they have the gall to stand up and say, "We're not being dealt with in a fair and equitable fashion and we're going to take the only recourse that's available to us, which is to go to court," they turn around and say: "You're going to take us to court? Okay, we're going to pull your licence. We're going to take your store away from you." All of the effort and energy that they've put in, all of the investment they've made in this store is down the river.

When I brought this before the House a little over a year ago, there were two operators at that time, one in Blind River and one in Elliot Lake, who were on the verge. They've lost their stores. The one in Elliot Lake was a really sad story. They came in, moved from Ottawa to Elliot Lake, sold their house, mortgaged their future on this opportunity they thought they had with Provigo running a store in Elliot Lake. They gave every ounce of energy that they had to that store, but the wife got cancer, and because of that the same effort wasn't being put in by her and also to some degree by the husband because he had to spend some time and was concerned about his wife's health. They decided that they weren't getting enough out of that particular franchisee, so they told them that they were discontinuing the agreement, they were going to take the store away. These folks have now disappeared; they're gone. They lost their store.

The same thing in Blind River, the Larry Cairns operation in Sault Ste Marie. He moved from Blind River to Sault Ste Marie to a bigger store and left his store to his son. His son has lost that store, and now stands a chance of losing the store that he moved to.

These are examples of small business people, people that you hold up as the future of this province, being attacked by big business, being eaten up by big business. All they're asking of your government — and I asked through a private member's bill that your government defeated well over a year ago, and now the Minister of Consumer and Commercial Relations has graciously agreed to look at it.

I think as Minister of Economic Development and Trade, you have a direct responsibility to go to him and

say, "Let's move on this and get it done right away, quick, so that these folks have another table to go to," which is what they prefer to do rather than going to court to resolve some of these issues that really are, when you sit down and look at them, quite simple. It's a question of the parent company wanting more out of the operation than these folks are able to give and still make a living.

I ask the question again. Will you, as the Minister of Economic Development and Trade, in this the week of small business and with your obvious concern about small business and its future, go to the Minister of Consumer and Commercial Relations and say to him, "We need to get this legislation on the table immediately"? You have a commitment from our party and through Mr Jean Lalonde of the Liberal Party to move on this as quickly as you can get it into the House, but it has to come into the House before we can do something with it. Will you make a commitment today to doing that?

**Hon Mr Saunderson:** I will certainly speak to the minister. As I say, it could be this case is before the courts, and if it is, I really can't comment on it. But I will certainly speak to Mr Tsubouchi and reinforce your concern, because you've already spoken to him about it.

**Mr Martin:** Yes, I have, but I need you to speak to him.

**Hon Mr Saunderson:** You have my word, I'll do it. Look, I'm a small business supporter. I started a small business in 1971 with about nine and a half people, so I know what it's like to be starting — it's true. We had one person only working half a day. That's all we could afford, and I wasn't the half. I am concerned and I know what it's like to make that gamble when you leave an established situation to strike off on your own with a couple of other people. It is a concern for anybody doing that.

I did go through a list of things that we're doing as a government for small business. As I said, I spoke at the board of trade last night on small business and —

**The Chair:** With that enthusiasm, Minister, I'm going to ask Mr Clement now to take over.

**Hon Mr Saunderson:** Fine.

**Mr Clement:** Can I defer to my colleague Mr Wettlaufer, who had not completed his cross-examination?

**The Chair:** Definitely.

**Mr Wettlaufer:** Thank you, Tony. Minister, again I have a couple of questions which you may not be able to answer today, and I understand that. No problem.

Relating to the Ontario Lottery Corp, their salary costs run approximately 40% to 50% of their administration costs. When I was in business before coming into this game, I was in a service industry and my salary costs were roughly 40% of my total administration cost, and that was in a business where there was tremendous competition and tremendous service work involved.

Prior to that, when I was an executive with a company, our salary costs were about 18% of our overall administration costs. I look at the Ontario Lottery Corp and it has no competition, it has little or no service. I wonder if their salary costs aren't a little exorbitant. I notice as well that they had a five-year plan a few years ago. I don't know, although I should, what the progress is on that five-year plan and whether they have revised it to make

a change in their salary level as well as their staffing levels.

**Hon Mr Sauderson:** You said your salaries in your business were 40% of your total —

**Mr Wettlaufer:** Administration.

**Hon Mr Sauderson:** — administration costs. I can't tell you what our salaries are.

**Mr Wettlaufer:** I know.

**Hon Mr Sauderson:** Would you like us to find out for you?

**Mr Wettlaufer:** Yes, if you could get them for me.

**Hon Mr Sauderson:** Yes. Sometimes in small business salaries as a per cent of administrative costs can be quite low so that at the end of the time, if there is a profit, the profit can be taken out as a dividend, which gets better tax treatment than salaries. In an operation like the lottery corporation, where there are no dividends per se, as in a privately held corporation, I imagine that salary costs could be a relatively high per cent of administrative costs. I think we'll have to look into that, and we will.

Just on the subject of the lottery corporation, after being elected, we found \$36 million of expenses that weren't necessary, in our opinion, and indeed we have cut those out. You will recall that some of it was printing up the winning numbers in the newspapers. We thought that wasn't necessary, and the lottery corporation still goes on. There might have been the odd complaint or concern at the time, but we have heard nothing more since, so people now live with that. It just shows you, though, how you can save money, doesn't it?

There is a major review under way regarding the lottery corporation right now because we're quite aware of other potential savings that are there. We will get you that figure of what salary is as a per cent of administrative costs.

1700

**Mr Clement:** You've anticipated my question somewhat, Minister. I was going to home in a little bit on the Ontario Lottery Corp as well. If I can share with you the bare bones of a local story, perhaps this could be included in your current review of the corporation. I don't want to get into all the gory details, but I have a constituent who has had a very negative kind of experience with the Ontario Lottery Corp.

There's a lot of "he said, she said" kind of thing about whether a lottery terminal was promised for her particular business or whether it was not promised. I can tell you this, though: Having dealt with some of the officials of the lottery corporation, they have done their best to explain to me some of their current business practices. I appreciate their explanations but, having come from a bit of a business background myself — I'm not trying to second-guess — some of their conclusions raise my eyebrows.

If I can give you an example, I've got correspondence from one of the fellows over at the OLC who said they don't really generate a lot of ticket sales on Sundays. I find that somewhat counterintuitive. I think you could probably sell a whole bunch of lottery tickets on Sunday if you put the terminal in a place where people are buying their chips and their pop and so on.

Without getting into the gory details, because it is not my place to do that here, I want an assurance from you that in your review of the Ontario Lottery Corp there will be a comprehensive review of their business practices, whether they are actually modern business practices, whether they make sense in the times in which we live. If you can give me some assurance as to that, that would be very much appreciated.

**Hon Mr Sauderson:** This review I talked about with Mr Wettlaufer which is under way, there's a tender out to get people from the private sector to be with us and do this, so it's not a review that's being done from within but from without. I think that's probably the assurance you need to have, that this is really an independent review. Obviously, current modern business practices will be considered when they're doing this.

**Mr Clement:** I think the whole goal that we're trying to do is increase sales. Obviously, the more sales you have the more revenue you have, and presumably people who — we're not twisting their arm to buy the ticket, so if they find not only new products but new ways to service the community that likes to buy lottery tickets, presumably everybody is happy. If that could be one of the criteria one uses to assess whether business practices are up to date or not, based on my limited knowledge of this field, that would be probably a good thing.

**Hon Mr Sauderson:** You have our assurance that we're having a really sensible look at this.

**Mr Clement:** Mr Chairman, do we have a bit more time?

**The Chair:** Yes, you have about seven more minutes.

**Mr Clement:** I think the minister, at a couple of points during this afternoon's hearings, has alluded to the fact that he has been trying to reorient his ministry to accomplish many positive things for the business community in Ontario, whether it be small business or big business. I'd like to give him the opportunity right now to explain in a bit more detail what he is zeroing in on and how perhaps the estimates reflect that and how perhaps future spending patterns will reflect that.

**Hon Mr Sauderson:** I'm glad to have this chance to outline the ministry a bit. We're trying to run the ministry like a business and we really have four departments within the ministry. If we're running it like a business, every business has a product or a service it is selling or marketing. Then of course, once you've got that product — it could be legal advice or investment advice or selling goods in a store — you have to have somebody go out and sell that, so you have to have a team of marketers.

I'm just going to go through this and then come back to each division. Once having got your product out there being used by people, you have to have people who service the people who use your goods or service. Then of course, back in the head office, you've got to have some administration to run the books and make sure that you stay in a profitable position.

The Ministry of Economic Development, Trade and Tourism is truly a business. Our product, the service we provide, is the advice that has been built up over many years by the people in the ministry that we can provide based on experience as to how to help businesses thrive



in this province. These people are out there listening to what people's concerns are, the clients they're servicing.

As a matter of fact today, Mr Clement, I had the privilege — and I enjoy it — of meeting with our field staff. There is something like — how many were there? — about 60 of our field staff who are out in the field dealing with business. We had them all together today — and I think it's a two-day session — and I had a chance to speak to them today. I really was able to say to them: "Look. You are my eyes and ears out there with the business community." They're probably not dealing with the big, big businesses, which can handle themselves quite nicely, but they're out there dealing with, I think, the small and medium-sized businesses and not in the major areas like Metro Toronto but out where all the information isn't necessarily available.

What we're able to offer those people is, as I say, lots of advice on how to do a marketing plan, a financial plan, a business plan and if they want to expand, can we help them? If they want to locate a plant somewhere else, do we know areas where there might be an old plant building available? That's the type of thing we're doing. So that's the product and I look on ourselves as a management consulting operation there.

We have the staff of people at marketing. We have the people out servicing all the businesses that operate in Ontario and back in the head office we have an administrative operation. The product and the service that we provide really is under the aegis of an ADM, Peter Saddler-Brown, who is with us today. Our marketing team is under Grahame Richards, another ADM who's with us today, and between himself and Jean Lam, another ADM who's with us today as well, they sort of look after the servicing and the marketing and then under administration Brian Wood is another ADM.

I might point out that this ministry had seven ADMs or assistant deputy ministers at the time we were elected. Then we brought tourism into the fold and we now have only four ADMs. I don't know, Mr Clement, if you're aware of this, but we have reduced our staff by somewhere in the neighbourhood of 35% and our spending by over 50%. The big reduction in our spending is that we eliminated being a cheque-writing ministry and we no longer give grants to individual businesses.

There are some other things we do that I think are very important for economic development to happen in Ontario. I think we're hoping to create networks and partnerships in sectors. As an example, the wisdom exchange, which I have referred to before in this committee, I think is essential where small and medium-sized businesses have a chance to get together and — well, at the last meeting we had there were about 300 of these companies. They get together for a day and they exchange their problems and their solutions to helping each other. Gone are the days when people jealously guard their trade secrets. They want to help other businesses because when all the businesses do well, then it's a win-win situation.

**The Chair:** You could expand on that a little bit later on, Minister. Mr Kwinter.

**Mr Kwinter:** You've just made some comments that I hope to get to today. I may not, but I certainly want to explore.

I want to get back to the VLTs, and I hope you don't think I'm harping on this, but there's a reason. Quite frankly, what you've just said in response to Mr Clement is something that I have felt for some time and something I feel quite sad about. I wasn't being facetious when my colleague the member from Algoma-Manitowish came to me before I left for Russia and said: "I'm going to estimates. What do you want me to ask the minister?" and I said: "Ask him what would happen if this ministry closed? Would anybody notice?" As I say, it wasn't a facetious comment. It's a concern that I have. It is not an accident that you must feel that you're the Maytag repairman in the Legislature: No one asks you any questions. The reason I don't ask you any questions is, nothing is happening to ask you about. I want to get back to that a little later on.

1710

But I want to stick with the VLTs because I really feel that in the next round of cuts this ministry is in danger of disappearing, but the one thing that will stay is some emanation that will deal with the casinos and deal with the VLTs because it's a profit centre; it's a revenue base. Contrary to what the present Premier and the then leader of the third party said during the election when he said, "We don't have a revenue problem; we have a spending problem," it's obvious that anybody who's ever looked at a balance sheet knows that you can deal with one or the other but you can't do it in isolation. If you can increase your revenues, of course you don't have to decrease your spending, and that obviously the Premier has found out. Suddenly where he was actually threatening at one time to shut down the casino in Windsor, he is now promoting it and saying, "This is great and VLTs are great," because they're generating a lot of revenue. This government needs as much revenue as it can possibly get, otherwise it's going to have some very, very severe problems that are going to exacerbate the problems it's already encountering.

That's why I want to get back to the issue of the VLTs and to —

**Hon Mr Saunderson:** Can I respond to what you just said about —

**Mr Kwinter:** Not quite yet.

**Hon Mr Saunderson:** All right. Not on VLTs but just on the ministry.

**Mr Kwinter:** No. Here's my concern. You suggest that the 20,000 VLTs that you will put into service are going to generate about \$500 million, which is a half a billion dollars a year, which is significant when you consider that the Ontario Lottery Corp revenue estimates are \$736 million. So you've got an amount that is not too far out. You're looking at a significant amount of money.

The point I want to make is that those 20,000 terminals are going to generate an estimated \$500 million. The authorities — when I talk about the authorities, I don't know what authorities, the police, somebody — have estimated that there are currently 20,000 out there. That's an estimate. There may be 30,000, 40,000; who knows? If they're illegal and if they're underground, how do you know how many there are? They're estimating that there are some numbers out there.

I can tell you that a business that generates \$400 million a year is a significant business. It is a business that is worth pursuing. So when you make the comment that the reason you're going to be able to eliminate the illegal ones is because you're going to give a higher payout and that will make the other people go away is absurd.

The reason they're paying out whatever they're paying out now is they have no competition. They have decided arbitrarily, "Here's what we pay out," and what difference does it make because they're the only game in town. That the minute there are legal VLTs, whatever the payout the government is making, they will match it. Why not? It's a \$400-million-plus, \$500-million-plus business for them because there's no reason to expect that they will take in any less in the illegal market than you will in the legal market. It's just like the underground economy. To suggest that the underground economy is not as profitable as the aboveground economy again is absurd. As a matter of fact, it's more profitable because they don't pay taxes; they don't do a lot of things. They just rake in the money.

What is going to happen is you're going to have a situation where these VLTs are going to generate a great deal of money for the illegal sector and will be operating in a parallel way with the legal ones. I am still not convinced that there is any mechanism in place or any capability of dealing with it. To suggest that once you get the legal ones you're going to be able to do this, that and the other thing, again I don't understand how that happens when it would be much easier to police it when there are no legal ones than it is to police it when there are legal ones. I wouldn't mind a comment on that.

**Hon Mr Saunderson:** I just have to reiterate what I've said before. Before I do, I just thought, you did refer to me as the Maytag repairman in the House. The reason the Maytag repairman never got any phone calls was because all the Maytags work. I think Ontario is working very well. I just beaver away very quietly over at my ministry making sure that business is properly serviced. We help where we can, that we get out there and promote our province, we get the jobs happening now, the economic climate is good. As the Maytag repairman found, when things are working, you don't get many calls, but I also think, of course, that I don't get many questions in the House because they're so afraid of the brilliant answers that I usually give in the House.

**Mr Clement:** As the record shows.

**Hon Mr Saunderson:** The record shows that, as Tony Clement says, and so do the newspapers say that. So I just thought I would mention this.

Anyway, coming back to the VLTs, once again I understand your concerns. We only can say that we have the experience of other provinces who have had VLTs for a while, we are working with those provinces to learn the difficulties. As we said, Quebec's experience is that there are fewer illegal VLTs when things are well-regulated. I'm sure that people want to use our VLTs rather than the illegal ones, because they're properly regulated, there's integrity to them and people have confidence in how we have run the casino system and they will have that same confidence about the VLTs.

I might conclude by saying charities will receive 10 times now from the VLTs once they're in operation compared to what they receive under the Monte Carlo casino nights, as they were called.

We could debate this VLT thing and I understand perfectly your concerns, but we are doing things in a systematic, careful way, which is a mark of this government, and we will not change that.

**Mr Kwinter:** If I could just pursue another area in this same sector, at the present time there are three casinos that are running in Ontario and they are under management contracts with experienced operators. Could you tell me what plans are being made for who is going to operate the VLTs? Is this going to be operated by the Ontario Lottery Corp, or are you going to have a private sector group operate them on behalf of the lottery corporation and the government?

**Hon Mr Saunderson:** We have in process right now an appointment; an appointment has been made. We issued an RFP based on a concern that we were not properly prepared and we had to learn the system and all of that. We put out the RFP and we did not get a proper response, so we put out an invitational tender to four firms with excellent business experience: Price Waterhouse, Deloitte and Touche, Richardson Greenshields and RBC Dominion Securities, and an adviser was selected. We are just entering into a contract with that person right now. The name of the person is Richard Stackhouse, who is a just-retired partner from Price Waterhouse. His job will be to make sure that we go about implementing the VLTs in the proper way, and we'll obviously call on the experience of other provinces. I think that should put your mind at rest somewhat to know that an outside person has been now hired and contracted with, and the implementation plan will come back to us from him.

**Mr Kwinter:** I appreciate your answer, but I'm not quite clear what Mr Stackhouse's role is. Is he to advise the Ontario Lottery Corp on implementation, or is he to advise on getting a private sector contractor who will in turn run the VLTs?

**Hon Mr Saunderson:** He will advise the government on the proper way to implement the VLTs.

**Mr Kwinter:** Which means it is possible that he could recommend that this be given out to a private sector operator.

**Hon Mr Saunderson:** I suppose that's possible. I've been reminded by the deputy of the context of the Criminal Code. To the extent that the Criminal Code would allow that, it's very possible that there could be other people involved, if that's what you're asking.

1720

**Mr Kwinter:** What I'm trying to do is find out what the process is going to be. You've gone out and you've got Peat Marwick and RBC and Deloitte Touche, and I assume they are the ones who came up with Mr Stackhouse.

**Hon Mr Saunderson:** Mr Stackhouse comes from Price Waterhouse.

**Mr Kwinter:** What was their role — RBC, Deloitte and Touche and Peat Marwick? What were they retained for? What were they supposed to do?



**Hon Mr Saunderson:** We chose them to respond to this tender that was put out. From each of those companies we expected we would find one or two or three people who are familiar with the industry. It turned out that Mr Stackhouse was —

**Mr Kwinter:** It wasn't a trick question. I was just asking, was their role to find a Mr Stackhouse?

**Hon Mr Saunderson:** Yes.

**Mr Kwinter:** And that's who they found.

**Hon Mr Saunderson:** Yes.

**Mr Kwinter:** His role is now to find someone else, to find an operator or to recommend that maybe the government itself should take it on.

**Hon Mr Saunderson:** He will come back with an implementation plan on how it should be done. It'll give us some options, as government always comes up with some options.

**Mr Kwinter:** Without in any way predetermining what he's going to recommend, because we don't know, if he were to recommend — this is the whole reason for my questioning — that there is no capability in the Ontario Lottery Corp to do it, that it doesn't have the expertise, that we should in fact engage a company in the same way we got Carnival Tours to run Rama, if he were to recommend that we really do need an independent operator with the expertise, is that selection going to be made by public tender or is he just going to make a recommendation and the government's going to say, "Here it is"?

**Hon Mr Saunderson:** I think we have to wait for him to make his report on how to implement this thing.

**Mr Kwinter:** Why would you have to wait?

**Hon Mr Saunderson:** Till we hear what he has suggested, we don't know.

**Mr Kwinter:** I admit I'm presenting a hypothetical situation, but surely, given the amount of money that is involved in this particular sector, you would think that you would have no trouble in saying that whatever his recommendation is, if we're going to be calling on some private sector entity to take over this thing, it will be a public tendering process so the process is transparent and people will know how this was awarded and it isn't some sweetheart deal where suddenly we find that a whole range of Tory hacks are running a company that is going to have the keys to the treasury. That's all I'm getting at. I'm not in any way predetermining how it's going to happen.

**Hon Mr Saunderson:** I can't guess what he's going to recommend. The man is an extremely qualified individual. We're going to wait for his recommendations. He might recommend exactly what you're talking about; we don't know. I can't answer any more than that until I see what his recommendations and plans are. I think that's a fair answer: We don't know.

**Mr Kwinter:** With all due respect, I'm not asking you to determine what his recommendation is going to be. All I really want to find out and all I really want to get on the record is that of course, if he recommends that we have to go out to the private sector to get an independent operator responsible to the government or responsible to the Ontario Lottery Corp, that process will be public and

transparent. I don't see why you can't make that commitment.

**Hon Mr Saunderson:** To the extent that I am able to, I would say that is likely what would happen. Yes, it would be, so that people could say, "We have confidence in that decision, in the process."

**Mr Kwinter:** That's all I'm asking.

**Mr Martin:** I find absolutely fascinating that this is the way we're going with this. I find quite disturbing the question mark that is now beginning to be put in front of the whole integrity of the lottery corporation, which I thought was going to be doing this thing. I thought that was part of the announcement, that the lottery corporation was going to do this. In Sault Ste Marie of course it could be a little parochial. We were very excited, because it meant more activity and more work and a contribution to the economy of our community. So this is quite a revelation here this afternoon and will be of tremendous interest to the folks back home when I get a chance to tell them, and be assured that I will.

You've brought into question now the whole operation of the lottery corporation, some of the questions from the members of your caucus around this review that's happening. I had no idea. Did you know that the lottery corporation was under review?

**Mr Kwinter:** No.

**Mr Martin:** I didn't.

**Hon Mr Saunderson:** All I can tell you is that it's a normal program review, as any government should make a review of any organization or program it's involved with.

**Mr Martin:** Are there terms of reference? Could we have a copy of that?

**Hon Mr Saunderson:** Can the ADM answer that?

**Mr Brian Wood:** Brian Wood, the assistant deputy minister, corporate services. A tender is being released this week, and as soon as it's released we certainly will give you a copy of the terms of reference. No problem. The tender to select the outside consultant will —

**Mr Martin:** So there will be a review tendered this week to an outside consultant to look at the whole question of the lottery corporation?

**Mr Wood:** Yes, the role and mandate and the program review of the lottery corporation.

**Hon Mr Saunderson:** Mr Martin, before you go on, because you were going to say that you would be talking to the people back in Sault Ste Marie, I want you to understand that this is not in any way questioning integrity. That's what you said. This is not a question of integrity, what we're doing as far as the review is concerned, nor is the fact that we've got Mr Stackhouse in any way a form of questioning the integrity of the lottery corporation. The lottery corporation has never been involved in VLs before and therefore we should make sure we get the best possible advice. A normal process of all our programs and agencies is to get the best businesslike approach, and that's what we're doing. But to go back and say that we're questioning the integrity would not be true and I would not want you to be embarrassed by making a statement like that.

**Mr Martin:** Don't worry about me and being embarrassed.

**Hon Mr Saunderson:** I do worry about you.

**Mr Martin:** I'm concerned about your view of the lottery corporation, because the lottery corporation, in the six years that I've been directly involved with it as the member who represents Sault Ste Marie, and in previous years living in Sault Ste Marie when I've watched it grow and develop, has been a model corporate citizen.

**Hon Mr Saunderson:** We agree with you.

**Mr Martin:** It has contributed significantly to the economy of both this province and our community. I find it quite shocking here today, by way of the questions that have been asked, because this is the first time it's been raised. This is the first time that this red flag has gone up for me, and then the comment to the member of official opposition re the whole question of the lottery terminals and the fact that where we thought the lottery corporation was going to do that, now we find there's this other process in place at the same time as there's a review of the lottery corporation, for which we don't have the terms of reference yet. I will be looking for those and watching for those with great interest and great anticipation over the next couple of days. When did you say they'll be out?

**Mr Wood:** Probably Thursday.

**Hon Mr Saunderson:** Before you go on there, I want to make one thing clear: We review all programs in my ministry. If we haven't done it, we will be. That is only good business practice, and we run our ministry like a business.

**Mr Martin:** You can put any spin on it you want.

**Hon Mr Saunderson:** It's not spin.

**Mr Martin:** I'll put my spin on it. Ultimately, my community and this province will judge just exactly what it is that you're doing and why you're doing it and what you're doing, because it leads to some other interesting questions that we won't get into today, but be assured they're coming at you soon.

The \$35 million you say you've taken out of the operating side, do you have any detail on that, like where it comes from, how that came about? Could you give me something?

**Hon Mr Saunderson:** I gave you one example of it.

**Mr Martin:** I don't want one example; I want a breakdown of the \$35 million and where you got it.

**Hon Mr Saunderson:** Sure, we'll give you the detail of it.

**Mr Martin:** How soon can I have that?

**Hon Mr Saunderson:** Probably within 24 hours.

**Mr Wood:** We will give it to the clerk. We can table it here.

**Hon Mr Saunderson:** We'll bring it here and then you can see it.

**Mr Martin:** I don't know if you know this or not. I had, with the cooperation of some other people — the labour council in Sault Ste Marie, the chamber of commerce, the economic development corporation and what's known as the round table in our city — all the senior elected political people: the federal MP, myself, the Algoma MP and MPP and the mayor — a study done last year of the impact of decisions made to that point economically on Sault Ste Marie re the whole question of downsizing. Without considering the lottery corporation,

because we couldn't get any figures and numbers for it — it is very good at what it does and very —  
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**Mr Wettlaufer:** Doesn't it tell you something that you couldn't get the numbers from them?

**Mr Martin:** No, all it tells me is that this is a corporation that is more interested in delivering the product it's asked to deliver than it is in being involved in the political machinations of people like myself.

**Mr Wettlaufer:** Jeez, I haven't been involved in politics as long as you but I'm not as naïve as you are.

**Mr Martin:** The \$35 million: The study that we undertook said that by way of the cuts in Sault Ste Marie we, when it's all said and done, will probably lose upwards of 1,700 jobs in Sault Ste Marie alone, and that's not considering this. By way of the 22% that you took out of the income of people on welfare, the most vulnerable and fragile in our community, that was another \$12 million out of the economy of Sault Ste Marie.

Now if you're telling me — and this is where I'll be interested in the numbers, the specific numbers, where you got that \$35 million — that you took \$35 million out of the operating side, which really is people employed, wages — most of the money spent, I would suggest, if it's anything like other government bureaucracies that deliver programs, is in the area of salaries and wages. So you're talking \$35 million. We'll say even half of that; we'll say another \$18 million.

So if you put \$35 million with \$12 million, which is what we already figured out was coming out of the economy, which is \$47 million, and now put another \$18 million on top of that, you're looking at \$60 million to \$70 million a year out of the economy of Sault Ste Marie by way of decisions of this government. That's going to have just a devastating effect on small business, particularly the retail sector.

I've made this point in the House by way of a couple of speeches I've had the opportunity to deliver: In 1994, when we had just come through the restructuring of Algoma Steel and St Marys Paper and the Algoma Central Railway, Sault Ste Marie thought that it had been through the worst of the challenge that it would face as it came together to restructure and develop a new strategic plan and get its feet under it as it moved towards the next century. People felt good about that because there was a big cloud hanging over the city and we had pushed that aside. The Christmas of 1994 in Sault Ste Marie, in the retail sector, was the best that we had seen in a long, long time, because people were working. People were working at Algoma Steel, people were working at St Marys Paper, people were working at the ACR and people were working in the public sector.

They were pretty confident, because of the work that we had done and some of the direction that the government at that time was going in, that those jobs would be secure and that they'd be there for a while, and so they were spending. The consumer confidence in Sault Ste Marie was high and the retail sector in my community was happy and did well. In January 1995 in Sault Ste Marie the sun was shining. People were feeling good. The economy was starting to really take hold and get better.



But the Christmas of 1995, which was the end of that year, the first year of your taking office, the first year of your government in power in Ontario and the cuts, the reduction in money to the poorest in our community, the cuts in services and the diminishing of jobs into so many sectors that we in Sault Ste Marie were a centre for delivery in the whole area of Algoma, were so significant that people stopped spending because they were no longer confident — a whole whack of them — that they would have jobs in 1995 or 1996.

The economy, because of that, was stunted. Where we thought we had got rid of the big cloud and the sun had come out, all of a sudden there was a bigger cloud over us, and today I find out that one of the new foundation pieces of the economy of Sault Ste Marie, which the previous Liberal government had courageously decided to move to Sault Ste Marie because of the new technology and a new interest by that government in making sure that we spread the economic benefit of the government plant across the province, is now in jeopardy: the lottery corporation.

We don't know what you're going to do with it. We don't know what this review is going to do. You've already taken \$35 million out. We're told today that the delivery of the VLT program that you're introducing, which we disagree with totally —

**Hon Mr Saunderson:** Look, I cannot let this go on. Mr Chairman, I have to say something.

**Mr Martin:** Mr Chair, do I have the floor or not?

**Hon Mr Saunderson:** I just want to make a comment.

**Mr Clement:** Are you going to rant and rave for the whole 15 minutes?

**Mr Martin:** Why not? It's my 15 minutes. I can do whatever I want.

*Interjections.*

**Mr Martin:** I've already got the answer. Have I hit a raw nerve here?

**Hon Mr Saunderson:** No.

**Mr Clement:** It's all a conspiracy, Tony.

**Mr Martin:** Is the truth that hard to take for you guys?

**Mr Clement:** You are making up the truth in your own mind.

**Mr Martin:** When we start to touch the core, when we start to touch the bone of this thing, you guys rise in indignation and you won't let us have our time? Is that what you're saying?

**The Acting Chair (Mr E.J. Doug Rollins):** No, you have your time. You keep on talking. We'll cut your time off in three minutes.

**Mr Martin:** Now what I'm hearing is where the people of Sault Ste Marie, in partnership with government, in partnership with the financial interests and everybody who had an interest in the long-term viability of the major industrial foundation pieces of our community, are going to have to go back to the drawing board because one of the pieces that we thought we could be confident would stay in place, and in fact grow, because the lottery corporation was expanding and getting into new products and marketing and letting people know if they won or they didn't win in all kinds of creative ways, we're not doing that any more.

I don't know what studies have been done, what information was available to you, on what basis you made the decisions that you did to cut the already cut \$35 million, but now you're entering into another period of review and we don't know what that's going to mean. We don't know what the terms of reference are, we don't know who is involved in determining what those terms of reference should be and, in particular, the community of Sault Ste Marie, which has a tremendous interest in anything that would happen to this very valuable piece of infrastructure that we have been the beneficiary of in so many significant ways, doesn't know what's going to happen.

I guess the question is, by way of allowing you at least a minute, what is the future for the lottery corporation in Sault Ste Marie?

**Hon Mr Saunderson:** Quite frankly, Mr Martin, I think you're just trying to get misrepresentation on the record, because the OLC is not in jeopardy and it's just sheer fiction that you would even try to go back and tell those people that it was. I want to read that into the record and say to you that you refer to that \$35 million that we cut. We cut it for efficiency.

I don't know what you did when you were in government, but when we're here in government now we're making sure that the money is spent properly, and if there's any way we can cut spending, we're going to cut it, provided it makes sense. That \$35 million, and you'll see the list, was cut because it made sense and it was more efficient. I did allude to one of the things that was in that \$35 million, which is a fairly large piece of money, which was advertising lottery results in the newspapers. That's not costing anybody a job. To our way of thinking, it makes good sense. We do better for less.

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I want to also get something else on the record here, because you referred to VLs a few times. What we set up on VLs will be proper; what we do with VLs will be done with integrity; what we do with them will be done within the law and in a businesslike manner. I want to get that on the record because that is our goal, and I don't want anybody to go out of this room thinking differently.

**The Acting Chair:** Okay, that's the time up. We'll turn it over to Mr Clement.

**Mr Clement:** Thank you for the opportunity to have the floor. Our minister is a gentleman. I aspire to his ability to turn the other cheek, but I would say to the member for Sault Ste Marie that I'm proud of a government that reviews all of its agencies, boards and commissions and businesses.

I personally don't see the role of government as saying, "We're going to review some things, but other things are sacred cows." As soon as you start to do that, that's the thin edge of the wedge for practices to develop, over time, encrustations like barnacles on a ship, a ship that is sinking in the middle of turmoil. When you have that occur, that's when problems start. Perhaps I could say that's how we got into this mess as citizenry, as a province, in the first place.

I don't think it's a slap in the face to the citizens of Sault Ste Marie or any other community in Ontario to say

that we are reviewing the practices of the Ontario Lottery Corp as a segment of the Ministry of Economic Development, Trade and Tourism to ensure that the money is spent wisely, that there is accountability by those officers and directors to the people of Ontario, that the taxpayers' trust in that institution is justified, that they are adhering to not only legal principles but ethical principles, and I'm not casting any aspersions on the OLC. That's the same review that should go on in every other department and every other ministry in this government of Ontario. I just want to put that on the record because I'm still aspiring to be as much of a gentleman as the minister is, so maybe that gives me a bit more latitude to put that on the record.

Having said that, perhaps the minister would like to comment on that, but I did also want to give him an opportunity to complete his review. The last time we had the go-round, you recall, Minister, we ran out of time to complete the review of what the structure of your ministry is going to be to do the things that the people of Ontario have dictated should be done by this ministry. You've got a couple of strains you can comment on from my perspective.

**Hon Mr Saunderson:** I just would like to make sure that it gets on the record that the terms of reference for the Ontario Lottery Corp review, which you referred to and I referred to you, Mr Martin, will be lodged with the committee next week. Everybody will have a chance to see that.

I spent some time describing the ministry as it was set up and I think you have a pretty good idea of what the ministry is now doing. I'd like to deal with the financial aspects of the ministry, number one, under the direction of Mr Wood, the ADM. He is making sure that all our programs are reviewed. He is, in effect, a controller of the so-called company as well as making sure that our spending is correct and proper in the ministry. But I think it's important to have this ongoing review of all programs. You agree with that — I just heard you say it — and we've been talking a lot about that today.

In no way is this singling out any particular program or scheme of things. It really is just to make sure that we're getting value for money, and I think that's why we got elected. People were so upset with the deficit that had been allowed to roll up from \$44 billion to \$100 billion. They liked what we said, that we were going to take a look at all aspects of spending.

That's why the Red Tape Review Commission with Mr Sheehan, who is in attendance here today, is accomplishing a great deal. Business likes this and indeed any regulations that we can find and eliminate to make doing business in Ontario easier — boy, I'm all for that. That's one aspect of what our ministry is doing and that is doing a proper accounting of our programs.

The field staff, I think, is very important. As I said to you, I look on them as my eyes and ears, or the ministry's eyes and ears, or the government's eyes and ears on what's going on out in Ontario. As you know, we've stopped making cash available to businesses, and when they come back to us and tell us that there is a concern about access to capital, that somebody is having

a difficult time, say, with the bank he or she deals with, we now have in place a system to look after those comments that come back from the field.

I had a very interesting job going out to see all the CEOs of the five major chartered banks which are located in the greater Toronto region. I'm convinced, after talking to them, that if a person is legitimate and has done a proper business plan, a financial plan, a marketing plan, all that goes into making a business operate well, access to capital is available. That's the type of thing, though, that, when most field people come back and say, "We think some work should be done in this area," it gives us a chance in the ministry to go out and make sure that access to capital is available and other things like that are available to companies.

If they are having difficulty with their banks, I encourage those field officers to come back to us and tell us that. Then I will go to those banks and say, "Look, when we create the proper business climate for you to be profitable," and we know that the banks have been profitable, "then we expect the banks to be cooperative." Not to make bad investments, by the way, but not to be difficult. We all know the bank stories we hear about somebody being refused a loan or their loan being called, and I think it's only right that we monitor all of this to make sure that business is being treated properly. That is an example of one of the ways our field staff is helping our businesses out there get access to capital.

Another thing it is important for our field staff to be able to help on is importing and exporting. Whether it's a foreign government or even our own federal government, there are certain barriers to importing and exporting goods. As I mentioned, at the wisdom exchange one of the most intriguing sessions I attended was the one on how to export goods to India. There was a man from India, now a Canadian citizen living in Ontario, who has got great advice to give to companies that want to export to India. That's another example.

We also feel that sometimes businesses need to be shown the right way to provide, as I said, business plans in order to get more capital. Within the ministry we've got the people who can help them prepare that.

Also, and moving on to marketing the province, as some of our people do, how does the province work with potential investors? We've just had a classic example of how you can work with a potential investor. A company that is now going to locate in Listowel from Japan, in the automotive parts industry, was looking for a place in which to locate a factory. We found I think it was 12 locations for that company, then we worked with the company, took their representatives around to these locations throughout Ontario, and they settled on Listowel. We certainly have a role to play in working with potential investors, whether they are Ontarians, people from other provinces or from abroad. That's what our field staff can do, and I think they do it very well.

It's important that the ministry also play a role in helping entrepreneurs develop in this province. We have to create the facilities where businesses are encouraged to help budding entrepreneurs. We have some of these facilities that we help with. There's one in Ottawa that



we have certainly helped set up, the entrepreneurial centre down there for the Ottawa-Carleton, or Ocedco, region. There's one in London as well. We're trying to get more of these entrepreneurship centres established so that the small business people can really get help.

There's nothing like a successful businessperson coming in and giving advice to somebody who wants to start out. Basically, advice isn't what they need; they need courage to make the move. When we can say to people who want to start businesses in this province that we've got the right business climate and that we're working for the small business person, I think that gives a good push to that entrepreneur to get started.

We have, in this same area of marketing in the province, the Canada-Ontario Business Call Centre, known as COBCC. It's a single telephone access point to information on federal and provincial government programs and services. We expect that 225,000 people will use that service the year that we're in right now.

Student venture capital programs help the entrepreneurs again. These are students 15 to 29 years of age who want to own and operate a summer business. The summer is now over, but they received loans of up to \$3,000 from the Royal Bank, and they were guaranteed by the student venture capital program. This program tends to wind down when the summer concludes, but it was delivered in conjunction with the Royal Bank, just so you know that it wasn't the government on the line. In 1996, by the

way, 412 loans were issued, and that created 600 youth summer jobs.

As you know, we have small business publications and the self-help offices that Mr Spina has been very involved with, getting these counters established in those constituency offices that wanted them. Then we have small business seminars, which are being delivered through the self-help offices. There's a small fee for these, in the \$15-to-\$20 range. We estimate that 450 of these seminars will be delivered this year to an audience of about 10,000 people.

That's helping the entrepreneurs and marketing the province. The other thing on marketing is that we are establishing the business ambassadors program. It's to do with our grand marketing program, which will be announced shortly. That means people who want to help us sell Ontario will have the ability to and the where-withal in the form of a kit and speech, statistics, whatever they need, when they travel to spend some time helping to market the province.

**The Chair:** I know you've got a lot more to say.

**Mr Saunderson:** Yes, I could go on for a long time tonight.

**The Chair:** That is about the time allowed for the Conservatives.

We stand adjourned until Wednesday after routine proceedings.

*The committee adjourned at 1754.*











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**Vice-Chair / Vice-Président:** Cordiano, Joseph (Lawrence L)

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Mr Gilles Bisson (Cochrane South / -Sud ND)  
Mr Jim Brown (Scarborough West / -Ouest PC)  
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Mrs Lillian Ross (Hamilton West / -Ouest PC)  
\*Mr Frank Sheehan (Lincoln PC)  
\*Mr Wayne Wettlaufer (Kitchener PC)

*\*In attendance / présents*

#### **Substitutions present / Membres remplaçants présents:**

Mr Monte Kwinter (Wilson Heights L) for Mr Cordiano  
Mr Gary L. Leadston (Kitchener-Wilmot PC) for Mr Jim Brown

#### **Also taking part / Autres participants et participantes:**

Mr Rosario Marchese (Fort York ND)  
Mr Tony Martin (Sault Ste Marie ND)

**Clerk / Greffier:** Mr Franco Carrozza  
**Staff / Personnel:** Mr Steve Poelking, research officer, Legislative Research Service

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## Legislative Assembly of Ontario

First Session, 36th Parliament

## Assemblée législative de l'Ontario

Première session, 36<sup>e</sup> législature

# Official Report of Debates (Hansard)

Wednesday 30 October 1996

# Journal des débats (Hansard)

Mercredi 30 octobre 1996

**Standing committee on  
estimates**

**Comité permanent des  
budgets des dépenses**

Ministry of Health

Ministre de la Santé



Chair: Alvin Curling  
Clerk: Franco Carrozza

Président : Alvin Curling  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON  
ESTIMATES

Wednesday 30 October 1996

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Mercredi 30 octobre 1996

*The committee met at 1535 in committee room 2.*

## MINISTRY OF HEALTH

**The Chair (Mr Alvin Curling):** We resume the estimates of the Ministry of Health, vote 1401. When we broke off the last time, there was an hour and 29 minutes left, but with my power, I will rule it is an hour and 30 minutes, which we'll do it in rotation.

I want to welcome the commissioners. I'm going to ask you to state your name and title for me.

**Dr Duncan Sinclair:** I'm Duncan Sinclair, and I'm the chair of the Health Services Restructuring Commission.

**Mr Mark Rochon:** My name is Mark Rochon. I'm the chief executive officer of the commission.

**The Chair:** Welcome to the committee. I'm going to do a rotation of 30 minutes, 30 minutes and 30 minutes. We'll start with the opposition.

**Mr Michael Gravelle (Port Arthur):** Dr Sinclair, Mr Rochon, welcome. It's good to see you here and good to have the opportunity to talk to you and ask you some questions. As you know, I'm from Thunder Bay. Obviously, the first stop of the restructuring commission was in Thunder Bay, so there's a lot of issues that are of great concern to us.

If I could begin with a pretty straightforward question to you, Dr Sinclair, is it your opinion that a ruling of the Health Services Restructuring Commission can be overturned by the Minister of Health?

**Dr Sinclair:** When you refer to a ruling, I presume you mean a decision, because we're empowered to do two things: One is to decide on hospital restructuring, and the other is to make recommendations on the restructuring of other elements of the health services system. With respect to a decision, that's not appealable, as I understand it, to the Minister of Health or to anybody else.

**Mr Gravelle:** So a ruling/decision, you would say, cannot be overturned by the Minister of Health?

**Dr Sinclair:** That's correct.

**Mr Gravelle:** What do you think it would take to overturn a decision of the commission? In other words, the decision's been made — and you're quite right: There's a distinction in the report, certainly in Thunder Bay's terms, between decisions and recommendations. But if you're saying that indeed the minister cannot overturn a ruling or a decision by the commission, what would it take to have a decision of the commission overturned or changed or whatever wording you'd like to use?

**Dr Sinclair:** As I understand the legislation under which we operate, the decisions of the commission are in fact final, and I would presume that they could be altered by virtue of the fact that the commission were disbanded

or, I presume, through the process of judicial review or some other process like that outside the ordinary work of the Legislature.

**Mr Gravelle:** Just following up slightly in terms of the recommendations, I know various decisions have been made and various recommendations. It seems to me that the reinvestment issues are recommendations.

**Dr Sinclair:** That's correct.

**Mr Gravelle:** In other words, the decision in Thunder Bay's terms to withdraw \$40 million-plus is viewed as a final decision that cannot be overturned, but the reinvestment is simply a recommendation that still has to be argued for with the ministry. Is that correct?

**Dr Sinclair:** Our recommendations are in the same category as decisions, with respect to the power of the commission to make them. I don't believe anyone has the power to require us to change a recommendation, but a recommendation is in fact just that. Whether action is taken on those recommendations is not within the power of the commission; that's within the power of the body to whom we're making recommendations.

**Mr Gravelle:** Do you believe the commission needs to show some flexibility, though? For example, in terms of some of the deadlines you set, there were 30-day deadlines and other deadlines, and it seems to me that there was some flexibility. Obviously, in terms of the community's response, Thunder Bay, as you know, responded in an extremely dramatic and I think very responsible way. I probably quite literally bombarded the commission offices with submissions in terms of the appeal process. But do you think that some of the timing issues of the commission need to be more flexible?

**Dr Sinclair:** The commission's procedures are set up to provide for an opportunity for affected communities, institutions, to comment on our initial reports in a period of 30 days and to provide us, basically, with data and information that would say, "Show us where we're wrong." The data and information that we or anybody else would have to operate on are never perfect. We also are aware that the most likely source of information that would show us to be wrong is in the affected communities or organizations. So we've provided that period of time for people to provide us with data and information to say why we were wrong, whether we were wrong in the detail of what we've recommended or in the time lines we have made in connection with our decisions or recommendations. So the commission is quite flexible on that. But we are, I think, clear in our own minds that restructuring needs to proceed quite quickly. If the case were to be made, supported by data and information, that a particular deadline is too short, too long or whatever it is, we would certainly be prepared to look at that,



provided the information were provided to us during that 30-day period.

**Mr Gravelle:** There certainly is a number of issues, and as we go through my time I'd like to ask you about some of those specifically. But the area I'd like to get into next is the funding decisions you brought down in Thunder Bay in relation to, specifically at this stage, the capital costs in terms of the building of the hospital. The decision was basically to have a renovation or expansion on the one site, the Port Arthur General site of the Thunder Bay Regional Hospital. I think \$64.3 million was the figure you came up with as being the capital cost for the building.

I recall asking Mr Rochon, the day of the press conference in Thunder Bay, just how you knew these figures were the right figures. You didn't feel you were in a position to give me a real response. But one of the things that concerns me is that even in your own documentation on which you based your decision on the costing — I think it's RPG Partnership. They came out with figures for what the cost would be for the renovation and what the cost would be for a new site, what you called a greenfield site.

I think \$109 million to \$113 million were the figures that were provided to us. Actually, my colleague in Fort William asked for the information; Lyn McLeod asked for this. The information came out that in terms of cost, it would be \$109 million to \$113 million for a new site. Yet, on October 4, in your press release and quite publicly, you stated that one of the reasons you made a decision to go with this expansion or renovation was that the cost for a new acute site would be \$180 million.

That strikes me as very disturbing. If indeed your own figures had \$109 million to \$113 million being the cost for a new site, which was quite calculated in your findings, to use \$180 million strikes me as — well, I'd be curious to know where you came up with the figure of \$180 million, because you use it in your press release. Where did you come up with that when the other information you were working from seemed to indicate \$113 million was the maximum you expected it to cost?

**Mr Rochon:** The \$180-million estimate was a combination of two things. It's the addition of the development of a new cancer centre, the addition of site development and so forth. It also is based on the estimates that the Thunder Bay Regional Hospital had developed as well. Those are Thunder Bay Regional Hospital estimates that came to the \$180 million.

In part, the calculation and the estimates that Thunder Bay Regional Hospital put together excluded the cost of developing a new regional cancer centre. I know you're aware of that. In Thunder Bay, they've just recently finished an expansion and renovation of the cancer centre. The cost of reworking a new cancer centre at a greenfield site would be an additional \$25 million to \$30 million.

**Mr Gravelle:** But even if you use that example, and I presume that was part of it, we're still looking at \$155 million if you take the \$25 million off the \$180 million. What I'm working towards, without in any sense meaning to be rude, is that it just seems to me that the figures were being used to say, "All we can really justify is the

\$64 million because this is so expensive." It gave the impression of playing with figures. When we discovered that the figure you were working from, based on the RPG Partnership material — we managed to gather that through freedom of information — was \$113 million, even if you add \$25 million to that, you still don't get to \$180 million. It strikes me that these were figures that were not being used before and just weren't accurate and weren't based on anything other than an estimate.

**Mr Rochon:** No, they were estimates provided to us by the hospital, quite frankly. The Thunder Bay Regional Hospital provided us with those estimates and we used them.

**Mr Gravelle:** But why would you use those when you had figures — your consulting firm gave you figures that you were using, and I'm sure you'd want to use figures that are accurate, obviously.

**Mr Rochon:** Absolutely. But I think you'll appreciate that in this discussion at this particular point in time we had estimates that we had produced, there were estimates that the hospital had produced, and we're talking about a range of estimates. From our perspective, what we are talking about in Thunder Bay is a significant cost difference between an option that would see us redevelop the Port Arthur General site and a greenfield site, and that's what drove the decision.

**Mr Gravelle:** I certainly appreciate that. One of the concerns we have is the \$64-million figure. I asked you how you reached that. As you will recall, you had a very nice drawing of your conception of the new hospital, which of course ran in the newspaper the next day and people used it. We've since learned — we asked for the architectural and engineering designs for that. I understand you were not working from that, that this was an artist's rendering.

**Mr Rochon:** Absolutely. It's an architect's rendering, and we said that. In fact, when we were discussing this with the media and with the individuals in Thunder Bay we said, "This is one person's conception of what the hospital could look like." There are no engineer's or architect's detailed drawings behind that. It's what is usually done at this stage in putting together a conceptual idea of what a hospital, or any building, might look like at this stage.

**Mr Gravelle:** But it makes it more difficult to establish that the cost will be a certain amount, it seems to me.

**Mr Rochon:** No, I don't think it does, because what we are working with, in coming to grips with the estimates for 200,000 additional square feet, is industry standard — industry standard in terms of the square footage requirements per bed and industry standard in terms of the cost per square foot — plus allowances for what might be referred to as a northern factor, given where you're located. Those were estimates that we put into the equation to help us determine the estimates relating to the redevelopment.

**Mr Gravelle:** As far as you're concerned, you're both comfortable in saying on the record that a new site would cost the figure you used in your press release, regardless of the fact that — again it seems like you're cobbling figures together here in terms of the \$180 million.

**Mr Rochon:** No. I know what you're talking about. The estimate in the press release was based on informa-

tion provided by the Thunder Bay Regional Hospital. That is the upper estimate they gave to us. We're using estimates that the Thunder Bay Regional Hospital used, to establish a range.

**Mr Gravelle:** But you did just say the "upper estimate."

**Mr Rochon:** Absolutely.

**Mr Gravelle:** If you're going to err, you're going to err on the side of the most costly figure rather than the least costly.

**Dr Sinclair:** If I may break into this, from the perspective of the commissioners it was very apparent that the estimates provided by the Thunder Bay Regional Hospital did not include the cost that would be necessary with moving the newly renovated cancer centre. That really comes as a piece, so that's a significant issue that had to be added in. I don't want to do a C.D. Howe here or anything, but the fact is that it was very apparent, right from the outset when we began to get the numbers, that there would be a substantial premium necessary to build on a greenfield site relative to the cost of adding to an existing inventory.

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We have three major criteria we're concerned with. One is accessibility, ensuring that people have access to services as close to home as is possible. The second has to do with the quality of care, quality of service that can be provided, and there critical mass is a considerable issue, because the data are very clear that those who do things frequently do them better, as a rule, than those who do things infrequently. The third criterion is affordability, and that includes the utilization of the existing inventory of buildings and people and equipment and all of that that's there. In place there was an essentially brand-new extended cancer centre, just finished. That's a major issue.

**Mr Gravelle:** Absolutely. I was at the opening. It's a wonderful facility.

**Dr Sinclair:** Whether we're talking here about \$100 million or \$70 million or \$150 million, it remains that there would be a substantial premium to building on a greenfield site over providing funds for the renovation of one of those existing institutions.

**Mr Gravelle:** I don't mean to belabour it, other than the fact that I think it's important to get it straight. There certainly are other issues I want to get in and I'm conscious we haven't got a lot of time. But the difficulty is that we're looking at a renovated site of 200,000 square feet, 150,000 new and using 50,000 of the old site, correct?

**Mr Rochon:** It's 200,000 new space and 50,000, substantially renovated, of the existing space.

**Mr Gravelle:** Did you factor in the Spectrum report? That of course talked about the fact that in terms of using the present facility, the building itself, there might be — indeed they were very clear that there would be higher costs than expected in terms of using the older building itself, in other words, renovating the older building. I'm sure you're aware of the Spectrum report.

**Mr Rochon:** Yes, we are.

**Mr Gravelle:** You factored that in?

**Mr Rochon:** We understood what they were saying, but I think we have to understand that in the construction

and renovation of facilities in Ontario, we have to make sure we use the best available physical plant that's on the ground and in use. In terms of standards, we've had continued debate about whether we bring existing space up to 1990s standard or accept 1970s or 1980s standards.

**Mr Gravelle:** I will move on to the next area. I just want to make a point: When you're essentially saying we are going to build 200,000 square feet of new space and only use 50,000 of the other and we can do it for \$64.3 million, it seems very difficult to understand why, by putting it on a new greenfield site, you're moving up to \$150 million. There seems to be a remarkable gap here. You're taking the cancer centre out in terms of that \$30 million figure, perhaps.

**Mr Rochon:** That's one of the issues; the cancer centre has to be factored in. But the other is that we're using more than 50,000 square feet of the existing Port Arthur General site. The existing site is approximately 200,000 square feet. What we said in the report is that approximately 50,000 square feet would require substantial renovation. The balance of the space would be needed, in addition to the cancer centre. The physical plant piece of this is 400,000 square feet.

The point, from our perspective, is that the physical plant is the platform from which we provide service. Part of our decision-making is based on assessments of what is required from a capital perspective, but what we're trying to achieve is to make sure there is reasonable space within which to provide services to the region. The 200,000 new square feet that will be developed on this site is all of the high-tech space. It's emergency rooms, it's diagnostic imaging, it's laboratories, it's operating rooms, all of the areas that are capital intensive and require, in our view, state-of-the-art facilities. We're very supportive of the need to invest this money for the future of the people in northwestern Ontario.

**Mr Gravelle:** Mr Chair, how much time do I have left?

**The Chair:** You've got 11 minutes.

**Mr Gravelle:** Oh, God. Quickly: On June 27, when you brought down your first decision, when you arrived in Thunder Bay on June 27, were you operating on the premise that the Ministry of Health capital funding formula was two thirds or 50%? In other words, when you walked in there with your report you were talking about the district health policy in terms of capital funding, and — there's no point in being coy — on June 27 it changed from two thirds to 50%. Obviously, it doesn't strike us as coincidental in Thunder Bay, because that makes a substantial difference in terms of building, of capital structure. Were you aware, Dr Sinclair, that the funding formula had changed that day?

**Dr Sinclair:** I'm not sure I was aware that day, but we knew it changed either shortly after or around that time. But I can assure you that was coincidental.

The issue of who pays is not within the commission's purview. Our concern is to make sure we have capital reinvestment recommendations in place that meet our test of affordability. How the money is raised is really not within our purview. That is a decision, clearly, that will be taken by somebody else.



**Mr Gravelle:** You must have some consideration for the community's affordability as well, though. If you're not going to factor in at all whether the community can afford it — obviously, if you're coming in and saying, "Here's what you must do, here's what you must build, here's the money you must spend as a community," and here you are, taking \$40 million out of the community, clearly you can appreciate that whether it is to be a two-thirds funding formula or a 50% funding formula is an extraordinarily important distinction. Some would argue that indeed there should be a full reinvestment so that capital funding could be completely covered by the Ministry of Health, because you're coming and telling a community.

**Dr Sinclair:** Mr Gravelle, there is a sequence of decisions. First, you have to know how much money you need to spend. Our responsibility is to make recommendations on reinvestment that do in fact set what money needs to be spent to get to the kind of standards that Mr Rochon has referred to, utilizing to maximum effect the existing inventory. That we did. Then comes the decision, how is this money going to be raised and who's going to be responsible for raising it?

**Mr Gravelle:** So it wasn't significant, in a sense, whether a community had to provide one third or one half of the funding for capital.

**Dr Sinclair:** It was not a factor at all in our decision, because we're taking that first decision of how much money is necessary to provide the facilities necessary to support the service level required in northeastern Ontario.

**Mr Gravelle:** Again not factoring in whether a community could afford it, with no understanding of the community's ability to —

**Dr Sinclair:** Frankly, we do not have the capacity to assess the fund-raising capacity of any community. Our responsibilities don't extend that far, nor our authority. What we are charged to do is trying to identify what it's going to cost.

**Mr Gravelle:** I'm sure you recognize that some communities are certainly in a better position, for a variety of reasons, in that they obviously have capital foundations in different shapes.

**Dr Sinclair:** Of course.

**Mr Gravelle:** During the appeal process, which ended July 29, I believe, you did receive a letter from the Deputy Minister of Health on behalf of the Ministry of Health. What concerned us about that process was that the letter in essence supported the decisions of the commission and was pretty clear about that. On the one hand we have the Minister of Health saying, "I'm absolutely independent of the commission's findings," and on the other hand supporting a decision made by the commission.

Do you think it's appropriate, if indeed you are an independent commission whose decisions are your own, to have submissions from the Minister of Health? That's in essence what you're receiving when you have a letter from the Ministry of Health: the minister himself.

**Dr Sinclair:** First of all, I'd like to say the 30 days is not an appeal period. It's a period during which we invite the submission of data and information that will assist us in converting our interim reports and the final report so

that we can ask the question: "Are we wrong? Give us data and information that show us if we're wrong." We really do want to make the best possible decision we can. So it's not an appeal process; it's a matter of giving a time so they could provide information that bears on the decision.

Secondly, we get letters from all kinds of people, and in this case, of course, from the Minister of Health. It's very important to the commission, the commission is very concerned, to ensure that its decisions in relation to hospital restructuring are in fact accompanied by actions on the recommendations we make in respect of reinvestment both of capital and of investment in other elements of the health services system.

It's very apparent to the commission — and I remind you that we're not a hospital restructuring commission; we're the Health Services Restructuring Commission — that as you push on hospitals, you'll get a bulge somewhere else in the system, so it is very important that we maintain communication with the Ministry of Health in respect to the actions it proposes to make on our recommendations. In that respect, from the point of view of the commission, I welcome good communication with the Ministry of Health, but that doesn't mean we are dependent on the ministry. In fact we are not; we're independent of them.

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**Mr Gravelle:** So you think it's appropriate for the Minister of Health to submit his position on each decision you make. You think it's completely appropriate for the minister while, on the one hand, he's saying it's an independent commission? You think therefore it's appropriate for the minister to support a —

**Dr Sinclair:** Certainly I would invite and have invited feedback from the ministry and the Minister of Health on actions they propose to take on the recommendations. I want to comment on something else: They're perfectly entitled to do so.

**Mr Gravelle:** So you think it is appropriate and you would invite that?

**Dr Sinclair:** We've been very open. We accept recommendations and comments of all kinds.

**Mr Gravelle:** Surely you can appreciate the potential conflict, to say the least, of having the Minister of Health, the Ministry of Health, writing a letter supporting a decision made, when indeed, if I could just carry it a little further, the minister has announced \$1.3 billion in cuts to hospitals over the next three years. The restructuring commission is unquestionably, obviously, a part of the connection in terms of how this process is going to be carried out. I'm not by any means being critical of your efforts in terms of what you're trying to do, but the chain follows that therefore the role of the commission is to find a way to do this. I don't think that's particularly even a cynical comment to make. Clearly, one follows the other.

**Dr Sinclair:** The commission does not have a financial target. Frankly, we would not accept a financial target. We are aware that targets have been set by the government with respect to the hospital sector, but they were set before the commission was established. As I said previously, our approach is to utilize these three criteria:

accessibility and quality, and our view is that if we get the first two right, the affordability issue will fall into place. We are obviously aware that there is a substantial financial target out there that the hospital sector has been set, but, as I said, prior to our formation. It would have been wonderful if the commission had been established in better times and we didn't have the pace forced on us by the circumstances that are changing very, very rapidly. But that's then, this is now, so we have to get on with it.

**Mr Gravelle:** In the short time I have left, and I suspect it is a short time, I want to ask about long-term care. A number of elements of the decisions you've made concern us in Thunder Bay. Certainly the acute care numbers are of great concern to us. We won't have time to discuss that, but they certainly are.

Long-term care is the one that seems to be a missing element in there. You certainly have reduced the number of chronic care beds presently in place. There is going to be a transitional period, clearly, when there are people who will not be able to be in chronic care and who you say shouldn't even be in long-term care, including some people who were in acute care who you believe should be in long-term care. But we all know there aren't the facilities in place, there aren't the beds in place. We know that provincial cuts have threatened homes for the aged. We know that's a problem. It seems to me you haven't dealt with that. The restructuring commission has not dealt with the fact that the transition period will not — that some people are going to fall through the cracks is the greatest concern we have. There just aren't the beds. You can't just kick them out. I've got lots more I could say, but if you could respond to that, I'd be grateful, because that's a very real concern in our community. It seems wrong.

**Mr Rochon:** It's a significant issue for us as well. In part, we have, through our advice to the minister, recommended significant investments in home care, an addition of approximately 20% over the current budget.

**Mr Gravelle:** I don't mean to be rude, but some just can't go home.

**Mr Rochon:** That's correct, and that would result in approximately 37,000 additional home care visits for chronic care patients in their homes.

The other piece of this relating to chronic care in institutions is that the district health council and the providers recognize that there were probably too many chronic care beds in Thunder Bay. The reductions that we directed were to a range. The community said, after we had issued our notices in June, that rather than about 180 chronic care beds, the number should probably be about 120. We said, "It should probably be about 90, but let's work it out over the next three to four months to see if we can come up with whether it's 90 or 120 or somewhere in between." We've asked the hospitals to work with us on that piece as well.

**Mr Gravelle:** But it's the —

**The Chair:** Mr Gravelle, sorry, we've run out of time. Mr Cooke?

**Mr David S. Cooke (Windsor-Riverside):** Thanks for coming to join us for a couple of hours this afternoon. I have a few questions that I hope you can help me with. A couple of them flow out of Mr Gravelle's line of questioning.

Under Bill 26, you have the power to close hospitals, right? That's basically the power you have.

**Dr Sinclair:** That is included, but it can also be to have hospitals change, rationalize programs among themselves and do a variety of other things. But that is included, yes.

**Mr Cooke:** But you don't have any responsibility or powers to enforce the other half that is important for hospital reconfiguration, and here I'm talking about reinvestment at the local level and capital from the provincial government. So you could make a decision on Thunder Bay or Sudbury — and I'm not encouraging you to come down to Windsor. I hope, actually, that you don't come anywhere near Windsor, because we've already gone through all that, not because we wouldn't want to have you visit.

**Mr Rochon:** Some of my best friends are there.

**Dr Sinclair:** One of our commissioners comes from Windsor.

**Mr Cooke:** Some of your best friends are from Windsor, and some of my best friends are probably on the commission, but that doesn't mean I want your best friends or mine to talk.

The concern I have is how you've really only got half a mandate and the difficulty that can potentially cause. It's one thing for a minister to be able to say, "Those decisions to close a hospital are yours and I can't do anything about it even though I totally disagree with you." In the end, notwithstanding Bill 26, if a minister wants to say that a hospital is going to continue to be funded, a minister can do that. Regardless, with Bill 26, I don't know how you can make sure these things are going to happen. The decision to close a hospital is the easy decision. I know this from going through it in our community. The rest of it becomes extremely difficult.

**Dr Sinclair:** Well, Mr Cooke, you've hit on a point that is of great concern to the commission. Not that we're anxious for more power, as there are many people in Ontario who think we have already too much as it is, and that which we have is awesome. But it is vitally important, as you pointed out, that these two shoes, as it were, hit the floor pretty close together. As I said to Mr Gravelle, if you push on the hospital system and make major changes in the hospital system, there will be impacts elsewhere in the health services system: on home care, on long-term care, physician services, all kinds of things.

So we have been very deliberate in our reports to date to include in those reports decisions and recommendations, and we're all learning by doing here; we don't have an awful lot of record. As chair of the commission, I'm confident that actions will be taken on our recommendations. If I were not so confident, frankly, I would have to reconsider all the work we are doing, because it's very apparent that both of these shoes should hit the ground pretty close together. Of all the things that are of concern to the commission, this is very high on the list, for very obvious reasons.

Second, it's particularly of concern because the restructuring of the health services system is a very large job, a very large job indeed. Like every other job, you've got to start somewhere, and where we've started is with



hospital restructuring. But we plan, over the course of our four-year mandate, to in fact address other elements of the system, and they do not come seriatim. We're very concerned at this early stage to ensure that our work will contribute positively to the restructuring of the whole system, the design of which we hope to leave as the mandate when we sunset in April 2000.

**Mr Cooke:** What commitments have you been given in terms of capital for Thunder Bay and Sudbury?

**Dr Sinclair:** We've been assured that action will be taken on our recommendations. We have had discussions with representatives of the ministry, and those discussions have been reassuring to the extent that we believe actions will be taken as we have recommended or very close to it, or at least we'll have some reason why there is some modification of those. I'm quite reassured. But I'm very anxious, as you are, from your question, to see some of those actions, and soon.

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**Mr Cooke:** From my recollection of being in government, capital budgets don't always remain solid with ministries. In education, our budget was always taken away so that it could go to health. But maybe I could just ask the deputy in relation to this, what kind of shape is your capital budget in? The Ontario Hospital Association estimates — and maybe Dr Sinclair can confirm this — that the restructuring process will require at least \$1 billion in capital to restructure the hospital system. Since they've got the power to close hospitals and you've got all the power to implement, basically, where are those two things coming together, and are they?

**Ms Margaret Mottershead:** Yes, they are coming together. The government has committed that the capital that is required to implement the hospital restructuring will be made available. That is a commitment that I think you'll get more information on in the next few days or even weeks, but the whole plan is being put in place. In terms of supporting the commission, having been in government, Mr Cooke, you would know there is a cycle in terms of budgeting that comes with estimates and so on, but I think the government is so committed that it's actually reviewing all of its capital requirements in order to make hospital restructuring happen ahead of the cycle.

**Mr Cooke:** What's the capital budget this year for the ministry?

**Ms Mottershead:** It's \$167 million.

**Mr Cooke:** And you haven't got a capital budget for next year yet, at least that's been public.

**Ms Mottershead:** No.

**Mr Cooke:** Would you agree with the Ontario Hospital Association that the ballpark figure would be about \$1 billion?

**Dr Sinclair:** Mr Cooke, at this stage we're working hard to try to get an estimate of our own. That seems to me to be, as you say, ballpark, maybe even "the same city" kind of estimate. I have no idea at this juncture. It will not be cheap. But we also know that the capital reinvestment, relative to the operating efficiencies — the operating efficiencies are, in my view and in view of the commission, generally pretty substantial, so if one looks at the big picture, as one would with a business, the capital, I don't think, will be particularly daunting. Now,

it may be daunting in terms of cash flow for the government — that's a question that the deputy and others would have to answer — but in terms of the system and the broader interest of the people of Ontario, I don't think the capital reinvestment or indeed the reinvestment in elements of the health services system other than hospitals are particularly daunting relative to what would be the case in most "businesses" of this size. This is a very large enterprise.

**Mr Cooke:** Yes, but there are all sorts of things that can interfere with this. This whole process is going to take several years by the time it's actually implemented. You're at the very beginning of it. Who knows what the economy's going to look like two or three years from now and whether we're into another recession, and then governments tighten up capital budgets. All of that has to be anticipated. No criticism of you, but it doesn't make me feel very comfortable to think we're on our way into the restructuring process and we still don't have a fairly solid number to go to government and say, "Here's what we think you'd better start looking at for capital over the next three or five years." If you get down the road on this and the government hasn't put that into its multi-year capital budgets, I think you're in deep trouble.

The other part that you didn't really answer, I don't think — you made a comment to Mr Gravelle something along the lines that you have to make a judgement of whether the capital requests or needs are affordable. Well, affordable to whom? In Thunder Bay and in Sudbury we're looking at the local capital requirements just for hospitals — and surely you understand that because of lots of other decisions that governments are making, there are other organizations, in community services and educational services, universities, trying to raise capital as well — but just in the hospital system we're talking about \$500 to \$600 per household to fund the restructuring capital that's required in those communities. In Windsor it's the same. So when you say you feel comfortable that it's affordable, how? If that money can't be raised at the local level, this thing all goes down.

**Dr Sinclair:** Mr Cooke, I share your concern about how the resources will be raised, but let me put in context the concern of the commission. When we began our work, we spent considerable time trying to get our mind around the status quo and what is happening in the status quo. Frankly, it's our firm conviction that without restructuring of many elements of the health services system, beginning with our hospital system, the costs will go right out of sight. We believe with the restructured system, one of the goals here is to make it affordable, and our current system is just not affordable.

**Mr Cooke:** You don't have to convince me.

**Dr Sinclair:** Money will be required from the people of Ontario. Whether directly out of their pockets or through the tax system, it will be required. There's no question that the citizens of this province, at least in my opinion and in the opinion of my fellow commissioners, put a great deal of priority on the availability of health services. It's almost a defining characteristic of Canadians, as well you know. To repeat my answer to Mr Gravelle, our principal responsibility at this juncture is to try to put some estimate on what the cost of restructuring

is, yielding the three criteria of accessibility, quality and affordability. It's our view that that last estimate of affordability is a lower estimate than the cost that would be incurred by the system in trying to maintain the status quo.

**Mr Cooke:** I'm not here to advocate, and I don't think the record of our government when we were beginning to restructure the health care system was one of advocating, the status quo.

**Dr Sinclair:** I didn't mean to imply that in the slightest.

**Mr Cooke:** But what I always try to look at with a public policy is, at the end of the day is the public policy practical enough that it's actually going to work? I'm focusing on the capital because I believe that if the capital isn't available and if you can't raise — I mean, if the goal of the government is to save money on the operating side and reinvest in the community, and that's what we all support, it was to me a counter-productive policy change to go from 66% of capital funding at the provincial level to 50% when there's such a huge demand for capital. You know as well as I do that governments, if you're putting together budgets, you'd rather experience a one-time capital expenditure than an ongoing operating expenditure. What they're doing here, I think — I know you're not a politician —

**Dr Sinclair:** Thank goodness.

**Mr Cooke:** — so you're not here to defend or attack the government. But my concern is that by that policy change, your work is now being put at risk, because I think the capital demands on the local level are not achievable.

**Dr Sinclair:** The decision to change the sharing formula was not that of the commission. I'm not in a position where I can answer that. Again, I can just say that I have received sufficient reassurance to persuade me and my fellow commissioners that the work we are doing will yield the outcome we anticipate in that we do have commitments from the government in terms of actions on our recommendations, and I remain confident. The day I am not confident, frankly, is the day I think we would reconsider just how much work, effort and energy we volunteers are putting into this activity.

**Mr Cooke:** Well, can I suggest that when you are looking at future communities — you haven't come up with the final decisions on Sudbury; we're in the 30-day period. I think it would be appropriate for you, based on the 50-50 formula — and it's not a difficult calculation; you work with much larger numbers — to look at what the community would have to raise and what it would be on a per-household basis, and you know the industrial and business base, especially in some of the northern communities, is not real strong; to at least make some comment that the capital demands on that community are of great concern to the commission and that the government should look at that.

I don't have a big problem. I can quibble with some of the recommendations and some of the concerns we have about bed numbers and so forth, but the direction is not something I'm arguing about. What I'm more concerned about is whether the implementation is going to be possible because of some of these problems.

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There's another area I'd like to briefly explore with you, and that is the whole question of denominational governance. This is one I became very familiar with in my home community before Bishop Henry headed up to Thunder Bay. I'd like to get some idea of whether you factor this in at all. You know that the minister wrote a letter up in Sudbury; there were comments made that there was going to be some guarantee of a role for Catholic governance. This is always contentious in the province, and I think communities should very clearly understand what the ground rules are that you're operating under.

**Dr Sinclair:** We, as a commission, have discussed this a great deal. It relates not only to the Catholic health commission, but to the health commission of the Jewish community and the Salvation Army and others. Let me be very plain. We have a single view on this in the commission, without any doubt. We believe very strongly in the value of diversity within the system, and the different governance, the denominational and other governance that apply to hospitals, have yielded great strength in Ontario in the diversity of hospitals and other institutions we have to draw on. There is much to be said — in fact one could say it's essential to maintain that degree of diversity. Similarly, the cultural background, the traditions, of all the institutions and organizations of our society define what we are. All of that is extremely important. As the spokesperson for the commission I have said that to the Catholic Health Association of Ontario and to others, and I believe it very strongly.

That having been said, however, there is a proviso, and that proviso is that the preservation of diversity and of culture and of tradition should not stand in the way of a greater interdependence of institutions in a given sector, like hospitals, and of institutions and organizations throughout the whole of the health services system. If you do have a system — frankly, we don't have one now and we have never had one in the ordinary sense of the word — all its elements have to work together and they have to work together in accordance with the discipline of agreed-upon common goals, objections, mission and policies. There is a key word shift necessary to create a system, and that is from "autonomy" to "interdependence."

It's not beyond the wit of man to figure out how to do both things: to preserve diversity, the benefits of culture and tradition and long history, and create an interdependent system. There are many models currently extant in Ontario whereby denominational and non-denominational hospitals have achieved just that. Our expectation is that that will be achieved in every community in which the denominational hospitals contribute, with others, to the provision of health services in that community.

It's quite apparent to us — keenly, very apparent indeed — that in Sudbury there is a concern that our recommendation threatens denominational governance. In our view, that's an overinterpretation of our initial decision with respect to the provision of a single organization in Sudbury to provide for hospital services. We have, in that recommendation, offered the services of the commission to provide for mediation among the partici-



pating institutions in that community now to work out mechanisms, and there are, as I say, models in Ontario that do work of how to do both things: preserve Catholic governance and, elsewhere in Ontario, Jewish governance and Salvation Army governance, together with non-denominational governance, in order to produce a genuinely integrated hospital sector within a genuinely integrated health services system. Integrated does not mean homogenized, and we would be very much opposed to that as a commission.

**Mr Cooke:** Again, while I have no particular difficulty with the philosophy you've just enunciated, I worry about this process taking on so much, and this is certainly one that can force the whole thing in some communities to come tumbling down. I hope you will at some point in some communities decide that to be practical, to be pragmatic may be the better way, of getting some 80% of the way to restructuring rather than trying to do something that may look pure on paper but will never see the light of day because of community resistance.

**Dr Sinclair:** Mr Cooke, I can assure you that the commission is absolutely committed to being practical in every community. We have that very much in mind, what is an ideal solution and what's a practical solution, and all of our recommendations and all of our decisions are cast with a very keen eye on practicality, at least as well as we can judge it.

**Mr Cooke:** There are two other areas I'd like to explore. I think I have about eight minutes left. One is the relationship between the \$1.3 billion in budget cuts to hospitals and the restructuring process. Then I'd like, maybe more briefly right now, to talk to you about, along the same lines of the capital commitment for restructuring, what the commitment is in terms of dollars for labour adjustment. The line we've been hearing is: "There's no problem. There are going to be thousands of jobs created in the community sector, and all the people who lose their jobs in the hospital system will be able to get a job in the community."

I think it's a little more complicated than that. I think there's going to have to be a lot of money spent on labour adjustment and on in-service training, and there will hopefully be people, with some dollars, able to take retirement, and all those types of things that come into a labour adjustment policy.

I'm not entirely clear what your role is in that area and what the commitment is in terms of dollars. I think the dollars for labour adjustment are just as important as the capital dollars. My experience at Windsor was that the involvement of the labour community and labour adjustment dollars was one of the reasons the whole thing flew.

**Dr Sinclair:** That's a matter of concern to the commission as well. As you will see from our Thunder Bay report, we have asked the people on the ground, as it were, to develop a labour adjustment strategy, plan, and submit it to us, which we anticipate will identify the cost of labour adjustment. There's no doubt there will be costs of labour adjustment. The health services system is a very labour-intensive "industry." I hate that word, but that's what's it's referred to oftentimes.

The system is very labour intensive, and if it is to be restructured with a view to greater affordability, it is very

probable there will be fewer people working in it in aggregate, or there will be people working in it for rates that are lower than the current rates. All labour is a question of rates and numbers.

We are anticipating, we are requesting, that every community affected by our restructuring exercise will develop a labour adjustment strategy; first of all to tell us how they propose to deal with the redistribution of labour within the remaining institutions in a fair and equitable way, and second, how they will deal with adjustments from whatever the current numbers are to the new numbers in such a way as to —

**Mr Cooke:** Where do we expect to find some dollars? Labour adjustment costs lots of dollars.

**Dr Sinclair:** They will be, in our view, part of the reinvestment cost of getting there. That's another form of capital investment, if it is on the early retirement side of the house. It's an operating dollar if it has to do with training. You're all more familiar with that than I, Mr Cooke.

1630

**Mr Cooke:** We weren't laying anybody off. This government is.

What kind of dollars? Do you have dollars in the health budget for labour adjustment, specifically in hospital restructuring? I mean, not little dollars.

**Ms Mottershead:** It's the same amount of dollars and approach used in Windsor; that is, the HSTAP program is the program the government has right now in terms of labour adjustment and training and retraining and job registry and trying to get people matched up to places where there is work. So far that's the only approach we have —

**Mr Cooke:** So there's nothing, because this is much more massive than —

**Ms Mottershead:** Well, one of the things we are looking at at JPPC, which is the joint policy and planning committee of the OHA and the ministry, is the one-time restructuring costs incurred in each hospital's budget and removing those from the budget in terms of doing the allocation for the next round of targeted reductions, so that in fact we don't have —

**Mr Cooke:** How much time do I have, Mr Chair?

**The Chair:** You've got about three minutes.

**Mr Cooke:** I don't want to spend much more time on this, because I do want to get to — I'm not talking about layoffs and job loss from the \$1.3 billion worth of cuts, because that's a different issue altogether. I'm talking about the cuts as a result of the restructuring process. Basically, what you're saying to me is that at this point there's not a separate strategy in place to deal with that.

**Mr Mottershead:** You asked about money and I said that there is right now only one pot of money. In a way, the \$1.3-billion reduction and some of the efforts of the restructuring commission to effect the savings through rationalization and restructuring are in fact to ease the burden of the 18%. That's part and parcel of that consideration, because if in fact you can restructure some hospitals quickly to achieve, then you may not have to deal with the 18% over three years.

**Mr Cooke:** Let me just finish with this, because this is the thing that confuses me the most. Here we've

restructured in Windsor and all the hospitals in Windsor have been hit with their cuts of the \$1.3 billion. They are laying off people, saying this has nothing to do with restructuring and the reconfiguration of Windsor; this has to do with the \$1.3 billion worth of cuts. Maybe, so that I can understand this, you can explain to me what the relationship is between the government's decision to cut \$1.3 billion and the process you're going through, if there is any relationship at all.

**Dr Sinclair:** Mr Cooke, there's obviously a relationship because the decision to cut \$1.3 billion, as you put it, is an environmental condition. It's there. That was a decision. It's not taken by the commission by any manner of means. As I said to Mr Gravelle, it would have been far preferable, as far as I'm concerned, to have begun this process many years ago, and indeed we should have done it in good times rather than bad times. But that's an environmental condition we know is there. We're just working with that as best we can.

To continue very briefly —

**Mr Cooke:** Can I just — the Chair is going to cut us off and I want to try to get a better understanding. When I say the relationship, yes, of course it's an environmental condition that you're operating under, but when the minister says \$1.3 billion has been cut and the way that money is going to be found is through your commission — he said that in the House — that's where I'm wondering about the relationship. I don't see any relationship at all between what you're doing and how to achieve the \$1.3 billion, because that's coming out whether you recommend the status quo or change.

**Dr Sinclair:** From our perspective, as I said, we do not have a target, we would not accept a target, except that there are environmental conditions determined by others, so that's the way it is. But in the past, cuts of all kinds have been taken from hospitals more or less across the board, so the profligate and the parsimonious and the efficient and the inefficient and the well endowed and the less well endowed have all been hit more or less the same. If that were to continue, I am — and I'm speaking personally here — quite convinced there would be substantial service losses and service disruptions that need not be. I believe there is sufficient money in the system to run a first-class, accessible health services system.

From our perspective, we started with hospitals in order that we could assist that sector to restructure and operate on a much more economical basis without having to resort to the across-the-board.

**Mr Cooke:** But it's the biggest cut of all time. The \$1.3 billion is across the board.

**Dr Sinclair:** We're working as hard as we can to get restructuring decisions and related recommendations in place for the whole of the 220 public hospitals, approximately, in Ontario. Frankly, we can't get there in time to get it all done this year, although we still have our target to get hospital restructuring done in 18 months. But the quicker we're able to do it, we believe, the better the hospital sector will be able to deal with this environmental condition of minus \$1.3 billion.

**Mr E.J. Douglas Rollins (Quinte):** Thanks, Dr Sinclair and Mr Rochon, for coming here. I think it's nice that we have the opportunity to dialogue with you people.

You said you had 18 months. You've already been at it now for —

**Dr Sinclair:** Seven.

**Mr Rollins:** So we've got roughly 11 months left.

**Dr Sinclair:** If I may, 18 months has been our self-imposed target for hospital restructuring. We have four years. I wish it were 18 months.

**Mr Rollins:** By that time, you will have visited basically all the hospital structures in Ontario that you will be looking at for restructuring?

**Dr Sinclair:** That remains our intention.

**Mr Rollins:** Okay. When those hospitals close and when you start to readjust those hospitals — as you said before, you're going to put some people out into the extended care type of thing because it's going to burp out into those areas and put pressure on others. In those considerations of that hospital, are you still taking into consideration that bulge going out into the community in that decision-making that you're doing?

**Dr Sinclair:** Very much so.

**Mr Rochon:** In our work, one of the things we do is assess the reduction in acute care services in terms of length of stay and capacity and recommend investments in home care to deal with the bulge you refer to.

**Mr Rollins:** Are we setting some goals and some standards for days of stay in hospitals? Does that have some bearing on it, in that extended care thing?

**Mr Rochon:** Yes.

**Mr Rollins:** I think this is the one saving grace we have to look at, as people who have to go back to the public and get re-elected, that we have still got to be able to look after those people who are sick. They look at it as, is there a problem?

**Mr Rochon:** Mr Rollins, our approach in all of this is to preserve services. What we are establishing for the province is a series of, in part, performance benchmarks based on what the hospital industry tells us is achievable. We are, in our view, giving reasonable time frames for the hospital community to respond, to make change, and in my conversations with individuals in the hospital management in Ontario, they tell me that they believe they are achievable targets.

We consider the need for reinvestment in community services as a requirement. In our view, the ability for hospitals to restructure the way in which they provide services is contingent on appropriate investments in community services and extended care services and the like. Without it, we will not be able to achieve what we believe can be achieved.

**Mr Morley Kells (Etobicoke-Lakeshore):** May I echo my colleagues' thanks for your being here today. The preamble, from my point of view, is very simple. I was talking about the Queensway hospital, and I'd like to talk about it a bit.

We got into this conversation because the minister made it abundantly clear that the political ramifications of the potential closing of hospitals were not his at this time and had been moved over to your commission. He wanted to make the point that there was definitely, at this time, no relationship between his responsibilities as a minister and your responsibilities at the commission level. I said, that's fine, I think I understand that, but the



political reality is that the folks out there don't understand that. When rumours start about hospital closings, people react and politicians are drawn in. As much as you are a non-political organization, there's a whole bunch of politics in what you're about. It makes it difficult for the public to understand and certainly makes it difficult for politicians to do their job.

**1640**

Having said all that, and in the same vein, I have a petition from my hospital — I know we're not here to talk about petitions, but just so you get the feel for this — caused by a rumour. A rumour got out there that a report was being sent over to you by the Ministry of Health that indicated that the Queensway hospital, which was not mentioned in the previous report when everything was looked at in Metro, was now on an endangered species list of I think 11 more. This caused a great deal of flurry, and when all was said and done, among other things, I had a petition signed by 20,541 people in a very short period of time. I know this doesn't do much for what you're doing, but I want you to understand that it does put a great deal of pressure on both the system and politicians.

Having said that, so I can better understand everything, is there a schedule to what you're about? If you're looking at the system right across Ontario, at what point in time does this big thing called Metro and all its hospitals and all the pressures here — is this tomorrow? Could you give me some kind of time line? I get all sorts of calls: "When is this going to happen? What are they looking at?"

**Mr Rochon:** We will be able to talk about a schedule, we expect, within the next several weeks, particularly a schedule relating to large urban areas — Metropolitan Toronto, Ottawa and London — and we would be happy to share that with anyone who is interested.

I'd like to respond to your statement, Mr Kells, because part of the issue for us is the public perception that hospitals equal services. Adjusting or changing the roles of hospitals or closing them is different from access to services. In part, we are victims of our own debates in the past. What we're talking about when we speak to communities is the preservation of services. It may mean that the hospital you've been used to attending has a different role or, in the extreme, has been closed, and you might have to travel a bit farther to get the services you need. But we have to work at informing and helping the community understand that, and that's not only our role, that's the role of everyone sitting in this room.

**Mr Kells:** Now you're starting to sound like a politician and you're taking up a little of my time, which my colleagues are going to get after me over.

**Mr Rochon:** I'm not sure how to take that comment.

**Mr Kells:** Understand this. If I said that to the 20,541 people, they would just say: "So what? Leave my hospital alone," and I haven't yet said that. But let's go on a little further, because I'm going to run out of time.

I wonder, what are the criteria? If you had to say it in a minute and a half, when you look at a hospital, what are the criteria?

**Mr Rochon:** Quality, access and affordability.

**Mr Kells:** Yes, I wrote that down. And practicality was in there somewhere. You used that, Doctor.

**Dr Sinclair:** That has to do with the implementation of our decisions and recommendations on the basis of those three criteria. Absolutely. There's no point in having a criterion if it isn't a practical one.

**Mr Kells:** I've written that down. Having said that, according to the CEO at Queensway — and I'm sure you'll be very familiar with all this because you're from Etobicoke in the last wee while — he refers to the cost per weighted patient-day at Queensway and the fact that it's the lowest in Metropolitan Toronto. He thinks it's a very salient point. Where does that fall into your deliberations?

**Mr Rochon:** In my view, the affordability issue would look at the point this CEO of Queensway General made to you. But what we would look at is not only the cost, but the quality. If a hospital is providing services that could be improved by a larger critical mass, that would be an important issue for us as well. We don't look at these as a series of one-dimensional assessments. It's a mix of access, quality and affordability.

**Mr Kells:** Then if I assume that this large mass you're talking about is the rest of the hospitals around there — I guess it's your previous hospital, Humber, and North-western and Etobicoke —

**Mr Rochon:** York-Finch.

**Mr Kells:** — and York-Finch and Mississauga. How do we arrive at where my hospital, if I may refer to it as such, fits into that? How big is your blob going to be when you start looking at these masses? Are you taking Metro as a whole and you place Queensway in there, drop it in?

**Mr Rochon:** We would look at Metro as a whole, but we would also look at the surrounding communities around Metro. In fact, we've met with the hospitals and with the district health councils in the regions that surround Metropolitan Toronto, because we happen to have, in our view, rather arbitrary geopolitical boundaries that confound reasonable planning. It's not just a matter of looking at what this means for Metro Toronto, but it's also a matter of looking at what it means for Mississauga, Peel, Orangeville and all the surrounding communities.

**Mr Kells:** I understand that, because apparently roughly 25% of the Queensway's business comes from across the creek in Mississauga.

Staying on services and staying on neighbourhoods — we have neighbourhoods, but, as you said, this funny little geographical boundary called "the creek" is a different neighbourhood, and they have a Mississauga hospital, which is rather huge, down the road. How does my little hospital fit in? How does it get any benefit for its neighbourhood values and the fact that it provides services on a broad scale? I still don't quite understand how that fits into the mass. In other words, how do you take my boundaries into consideration and services to that area and the past history of that rather large area having a hospital when you bring in Mississauga or you bring in Humber?

**Mr Rochon:** We have information that helps assess where patients go for services. For example, the number you just quoted is that 25% of the patients come from Mississauga. We can tell you how many patients from Etobicoke go to Mississauga, the reverse. We can assess

the inflow and outflow of patients across the entire province to come to some determination about access and where people would go for specific services.

**Mr Kells:** My final question, then. Faced with all this, if I am sitting, as I'm about to be sitting, with the people in our community discussing Queensway in the future, what can a community do, given all the things you've just said? If I pulled it out of Hansard, which is not going to be difficult, and used that as my agenda for the meeting, my final question is, what could I tell them could be done if indeed we are in danger? I don't know; this was a rumour which has spawned a whole bunch of other problems. In general terms, what can communities do to stave off closings or cutbacks or whatever the terminology is?

**Dr Sinclair:** If I can volunteer an answer to that, I would give two pieces of advice. One is, don't pay attention to rumours. That's very good advice generally.

**Mr Kells:** I'll tell them that.

**Dr Sinclair:** The second relates also to Mr Rollins's question earlier. I would advise any institution, any organization providing health services, to get together with the neighbouring institutions and organizations involved with health services and see what makes sense from the point of view of providing, optimally, access to the people who need services, the highest possible quality of care, again bearing in mind the issues of critical mass that Mr Rochon referred to, and how can we do it most cheaply. Those are the issues.

If we had the platform of planning on a broader regional basis to go on, it would be terrific for the commission. As it stands at the moment, we don't have. We have almost community by community. The one regional plan we have is that for Metropolitan Toronto, but even that is very much limited by the artificial boundaries of Metropolitan Toronto relative to the 905-area communities.

1650

**Mr Kells:** I understand. Yes, we're going to try and do that, we're going to try and look at Etobicoke as a whole, even though that ignores some of these boundaries you're talking about.

There might be another problem, and I don't know whether there's an answer to it. In all the deliberations that have gone before, there's the politics of what hospitals are about themselves. If we're looking at areas as a whole and you have one hospital that appears isolated — I'm not too sure whether that's a plus or a minus — it might not appear in the delivery system that three or four together could do. You could have a hospital that almost sits out somewhat isolated; it might not get, if you will, enough value for what it can do because it's not in this so-called critical mass, which worries me a bit.

I'm talking about some past studies or reports that apparently have been done involving Humber and York-Finch and some of these other hospitals, and Queensway has not been drawn into that picture, if you will. I see that as a problem. I wonder how you address that.

**Mr Rochon:** I think part of it comes back to the point that Dr Sinclair made, that is, that it's incumbent on institutions to work with other organizations to make sure that doesn't happen. I have experience in working with

Queensway on a number of issues, and I think that Queensway is part of an organization with other hospitals in the west end of Metro. The more we can encourage facilities to engage in those kinds of relationships, I think the better off we all will be.

**Mr Kells:** I'll end it with that. If I said that, it would be politics, though.

**Mr Wayne Wettlaufer (Kitchener):** Thank you, Dr Sinclair and Mr Rochon, for coming today. I'm very happy that you said the OHRC is committed to being practical in every area of the province and that our government's financial targets aren't influencing you in your decisions. However, I don't think that is guiding the district health councils. I know in our own area the district health council and the hospital task force seem to be guided only by the fact that they believe there will be an 18% cut in funding and their report is being based entirely on that scenario.

I'm not putting Mr Rochon on the spot here. I asked him about it prior to the hearing and he said, "Feel free to ask it here." One of the comments that was made by one of the local health professionals in our area is that Mark Rochon's sole *raison d'être* is to close hospitals. I know you want to comment on that. Would you comment on it now, please?

**Mr Rochon:** I think what we are called speaks to that question. In other words, we're health services restructuring, and part of our mandate is to make the hospital subsystem work better. Part of that means merging hospitals, part of it means changing clinical focus and programs, and part of it means, in some instances, closing facilities. We're much more than, as you referred to, an organization that's oriented only to closing hospitals. We're looking at the system as a whole, and as we move through communities we will be making a series of decisions and recommendations that will not only deal with hospitals but will deal with the broader health system.

**Mr Wettlaufer:** But how do we convince the district health council and the hospital task force, who are making their own report to the Health Services Restructuring Commission, to come up with a report that is not entirely based on the scenario of an 18% cut?

**Mr Rochon:** Part of it may be to deal with the issues from the perspective of the criteria we look at. They have to look at issues of quality and what that means; in terms of critical mass, the more you do, the better you are, those sorts of considerations; access, how far you have to go to obtain service and how quickly you can get it when you need it; and affordability. From our perspective, this has to be viewed as multidimensional. We're not just looking at one aspect of it. We have to look at all criteria.

**Mr Wettlaufer:** But these are very nebulous terms. Do we have any guidelines?

**Mr Rochon:** Yes, we do.

**Dr Sinclair:** If you were to refer to — and I'm sure they wouldn't be documents unknown to the district health council — our reports, our final report on Thunder Bay and our initial report on Sudbury, it was very clear in those reports that what we're dealing with there is not closing hospitals. We're dealing with the restructuring of



the health services system. There is more to do beyond those initial reports, and we make that very clear. But if people can't take the message that we're concerned about dealing with more than minus 18% out of those reports, then clearly they're not reading those reports very carefully, and I believe most people are.

**Mr Wettlaufer:** Is the minus 18% a figure being used across the province, or is the minus 18% being used as an average around the province?

**Mr Rochon:** In my experience it has been a kind of mantra in the Ontario hospital system for the last several months and it's very hard to get people's minds off that, but that's certainly not a mantra among the members of the commission.

**Mr Wettlaufer:** I'm glad to hear that, because as a businessman I would have great difficulty with that.

One of the things that businesses look at whenever they are establishing in an area is the accessibility to hospital care, and there is some concern in many areas that merging of hospitals will have an effect on emergency care. How are you addressing that?

**Mr Rochon:** Again, this comes back to the question of accessibility. We understand that part of a vibrant economy is having reasonable health services. In communities like the ones we're focusing on, which are for the most part multi-hospital communities, accessibility is measured in minutes and we're talking about not significant distances. When we look at accessibility issues in communities like Kitchener-Waterloo and then talk to someone in northern Ontario about accessibility, we get a very different definition.

**Mr Wettlaufer:** I can appreciate that. The minister used a figure last week of 568 patient-days per 1,000 population as being a high measure of efficiency. I wonder what figure the restructuring commission is using.

**Mr Rochon:** That figure in terms of utilization rates per 1,000 population will vary across the province, depending on the age makeup of the population, in terms of the proportion of elderly to the rest of the population, and also based on the existing admission rates or utilization. So the bed days per 1,000 will vary. What will be relatively consistent is our benchmarks in terms of length of stay. That will be at the top 25% level across Ontario.

**Mr Toby Barrett (Norfolk):** My question also relates to what a community can do, or in this case what a rural, small-town southern Ontario area can expect. We've had a bit of a discussion of Windsor and Thunder Bay with respect to the criteria of quality and accessibility and affordability, and I wonder if you could perhaps give a thumbnail sketch or almost a case study of how the criteria apply to a rural southern Ontario area — I understand you're already working on some of those areas — the purpose being, what would an area like that expect, or what could they, following that, do to better prepare?

**Mr Rochon:** Certainly when we're talking about communities with a single hospital, the opportunities to restructure are very different from multi-hospital communities like Kitchener-Waterloo or Thunder Bay. Part of our approach — and we haven't dealt with very many of those communities at this point; in fact, we have yet to release a report on a single-hospital community — will

likely be how those facilities relate to others in the system. What would be the relationship between a small facility of less than 50 beds — I know it's not a good measure, but if we could use that just to give you a sense of size — to the hospitals up the highway, and how would that relationship be improved if we had better communications systems for access to specialist services that would be available down the road but could be enhanced if we had better ways of transmitting diagnostic information to those specialists to help support general practitioners in these communities? That's sort of the approach we would likely begin to look at.

1700

**Dr Sinclair:** Also, Mr Barrett, hospital services, as you know, vary greatly, from those that really should be available very close to home and those that really can be available at some distance. It's fair to say that in small community hospitals, we're going to have to make some judgements about what category of hospital services lies in the close-to-home variety and what can be provided safely and effectively and at higher quality at some distance. As Mr Rochon said, we're not really talking here about buildings. What we're talking about is a collection of services, and they are vastly different. We will deal with those as issues of tradeoff.

We have not had to deal with those very directly in the larger urban communities with which we've been working to this point, but during the course of this next year, as we move our sights from the urban to the medium-sized and then smaller communities, we're going to have to deal with that. I suspect that what we will do — and again I'm just speculating here — is deal with the issue two ways: one is the categorization of hospital services, and second, the issue of communication, to which Mark Rochon referred. The technology now does make it possible for MRI services, for example, to be provided pretty evenly, provided we can get transmission of the data. There are limits, but those limits are dropping pretty quickly as fibre optics communication comes in. Laboratory results, for example, could be well provided to a regional collection of hospitals from single sites.

**Mr Barrett:** In the area I represent, the Haldimand-Norfolk region, there's Tillsonburg hospital, Norfolk General, West Haldimand and Hagersville and, for that matter, War Memorial in Dunnville. For specialist services, there's access to London, Brantford to some extent, and Hamilton, perhaps an hour or an hour-and-a-half drive for specialist services. The smaller hospitals that I mentioned are probably a half-hour apart. For example, with the smaller hospitals is there a specific criterion for the number of miles from emergency department to emergency department?

**Mr Rochon:** We haven't established our criteria. In part, it comes down to — I mean, there are people who live in Ontario who have quite vast distances to travel to get to an emergency room or a hospital.

**Mr Barrett:** Yes, northern Ontario, and perhaps more access to air service than in southern Ontario.

**Mr Rochon:** Correct, but I think the issue is again one of balancing quality and access as well, and those become quite challenging judgements to make.

**Mr Barrett:** These hospitals relate to more than one district health council. Should these facilities themselves

or the communities be — I'm not suggesting an end run around the district health council, but should they also be a little more proactive rather than waiting for a study?

**Mr Rochon:** Absolutely. Our view is that if communities do this on their own and come up with their own reasonable solutions, we would be very pleased to support them in it. The issue you raise about district health councils not quite fitting in the logic of how services are provided in your community might beg the issue of how those district health councils could work together; as opposed to having separate studies in each one, have three or four of them come together to deal with services in their area.

**Dr Sinclair:** As I said to Mr Rollins previously, if we were to have a regionally based platform of effective planning for hospital restructuring and other elements of the health services restructuring for, say, southwestern

Ontario or even a significant slice of southwestern Ontario, that would be wonderful, and the sooner people get at it in advance of our coming, that would be terrific.

**The Chair:** On that good note, Dr Sinclair, I want to thank you and Mr Rochon for coming before the committee. That concludes the time we have. Thank you very much for coming forward.

This also concludes, before anyone escapes, the Ministry of Health estimates. I would proceed to take the votes now.

I put before you votes 1401 to 1406. Carried? Carried.

Should the estimates be reported to the House? Agreed.

That concludes the Ministry of Health estimates. We meet next Tuesday to resume the estimates of the Ministry of Economic Development, Trade and Tourism. We stand adjourned till then.

*The committee adjourned at 1706.*



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Mr Bill Vankoughnet (Frontenac-Addington PC) for Mrs Ross

#### **Also taking part / Autres participants et participantes:**

Mr David S. Cooke (Windsor-Riverside ND)  
Mr Michael Gravelle (Port Arthur L)

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## Legislative Assembly of Ontario

First Session, 36th Parliament

## Assemblée législative de l'Ontario

Première session, 36<sup>e</sup> législature

# Official Report of Debates (Hansard)

Tuesday 5 November 1996

# Journal des débats (Hansard)

Mardi 5 novembre 1996

**Standing committee on  
estimates**

**Comité permanent des  
budgets des dépenses**

Ministry of Economic Development,  
Trade and Tourism

Ministère du Développement  
économique, du Commerce  
et du Tourisme

Chair: Alvin Curling  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON  
ESTIMATES

Tuesday 5 November 1996

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Mardi 5 novembre 1996

*The committee met at 1542 in committee room 2.*MINISTRY OF ECONOMIC DEVELOPMENT,  
TRADE AND TOURISM

**The Chair (Mr Alvin Curling):** We can start the estimates for the Ministry of Economic Development, Trade and Tourism. We'll have a 15-minute rotation, and we will start with the Liberals.

**Mr John C. Cleary (Cornwall):** I guess this could be directed to the minister. An individual who lives in the riding of S-D-G & East Grenville has approached me on an idea of how to increase German tourism in eastern Ontario. This individual, Mrs Anna Marie Lehmann of Morrisburg, believes that Ontario could benefit significantly by encouraging German tourists to explore our province. An employee of an agency of the ministry, the St Lawrence Parks Commission, as well as being a German translator, Anna Marie brings experience and knowledge about tourism, and she has some proposals. Therefore I have already forwarded several requests to officials on her behalf, but I would also like to ask you if there are any avenues or contacts within your ministry that might assist her in her endeavours. I would also appreciate hearing any comments you might have about Ontario being in a tourism partnership with Germany.

**Hon William Saunderson (Minister of Economic Development, Trade and Tourism):** I'm happy to respond to that. When I was in Germany last winter, we met in Frankfurt with Mr Mangum, who has a company there that we work with to publicize Ontario as a tourist destination. They do advertisements in tourist magazines within Germany. As a matter of fact, I think tourism traffic from Germany is up in the neighbourhood of about 13% this year, so they do a good job. That's how we are attracting German tourists.

I think I mentioned in one of our previous sessions the fact that we have these fly/shop trips to Toronto and to Ottawa, and also they are coming up to northern Ontario for the wilderness experience. Of course, between Ottawa and Toronto would be where your person could fit in. I guess you would like to know how this person might be able to work with our group.

Here is the magazine, Mr Cleary. It's Geo Saison Deutschland and there's a big article here on Ontario with, as you notice, the leaves changing. It has Algonquin Park, the Bruce Peninsula, Point Pelee, land of the Mennonites, Niagara-on-the-Lake, the Ottawa region and Toronto, and there's a write-up on each of these sections. If you would like, we could take this person's name and be in touch with Mr Mangum. Would that be good for you?

**Mr Cleary:** Certainly.

**Hon Mr Saunderson:** All right. Could you give that information to us please, and we will pass it on to our tourism people.

**Mr Cleary:** The other thing, I've been approached by a person in eastern Ontario and he said that some German company was interested in putting four — I don't know whether you call them cruise ships — in Ontario somewhere and he asked me what I knew about it. He said the smallest one would accommodate seating for 135 people at a banquet and the rest were bigger. He wanted to know what I knew about it or what I had heard about it, and he's going to be getting more information to me on that. That just happened in the last three or four weeks.

**Hon Mr Saunderson:** By the way, I just want to mention that we work with the Canadian tourism council and they have a German campaign as well, so that just adds a little bit more information to you on that. I'm sorry, what did this person want? How did the question begin?

**Mr Cleary:** This was a gentleman who has a business. He's got a German background and he just came into my office and asked me if I had heard about these four tour ships they want to put in Ontario. I don't know the background on it. I just wonder if there was something going on through the ministry.

**Hon Mr Saunderson:** I don't know have any knowledge of it, unless our tourism people do. They are shaking their heads. They don't think they know anything about that.

**Mr Cleary:** I will get more information about that.

**Hon Mr Saunderson:** If you could get a little more information about that, we could look into it for you.

**Mr Cleary:** The other thing that I'm sure you are aware of is Statistics Canada, which puts the unemployment rate in our area at 20.2%, and that's why I've been pressing so hard about these parks. You may not like what I'm saying, but we've got to get them open somehow to get some jobs in eastern Ontario. Anyway, this translates into approximately 5,670 people searching for jobs in a workforce of 28,000.

We're all trying to work very hard on job creation in our area, and that includes the provincial government, which leads me to the rumours I've heard: Ministry officials are currently examining whether your mandate should include training programs. People involved in the training sector say the two should be going hand in hand. Your ministry is the vehicle for economic development, working towards creating a skilled labour workforce in Ontario. Obviously a skilled workforce is an economic reality. So that's also frightening.



A second local study determined that 70% of the people in eastern Ontario who are relying on social services declare themselves to be unskilled, meaning they consider themselves to be of little or no value to business or industry. If this is their interpretation of their own skills, one can only wonder how local employers perceive them. Minister, will you please outline how your ministry will become involved in the training tool to economic development?

**Hon Mr Saunderson:** I share your concern about any unemployment in the province anywhere. As a matter of fact, in parts of eastern Ontario, it is much better than your particular region. In Ottawa in the last quarter, the end of September, there were somewhere in the neighbourhood of 15,000 new jobs, which I thought was very good when you consider that the federal government had been laying people off. I think it's a sign of the resurgence of the high-tech industry in the Ottawa-Carleton region.

1550

Moving to your area, 5,700 out of 28,000 being unemployed is a reasonably high statistic. It is 20% exactly. You asked about training. Yes, we would like to, and we are working to do this. If we can help in training that helps an industry or a sector of business, then we hope to be able to become involved with training. It would be workplace training, really, so we want to help with workplace training. Our idea is that we will lever increased private sector investment in workplace training, along with money that we might put into it ourselves.

We are no longer giving grants to business, as you know, but we feel that we can help with training, particularly people on the job to benefit from changes in manufacturing procedures, that type of thing. There is a fund that you know about, and it was announced in the budget. It is a partnership for jobs and growth, and that's where this money would come from. We are working with the Ministry of Finance to see how best to use that money, but we would not want any one company to benefit; we want all the companies in a sector to benefit. It would allow people to have mobility within an industry or sector of industry. That is where we see ourselves helping out in training.

We would not be training people who are on unemployment, but rather we would be training people who are working so that they can improve their skills to carry on where they are, or else to be mobile and move about. The automotive industry is a classic example where there is that mobility. That's our answer on the training as far as our ministry is concerned, but we would like to be involved in the way I just described.

**Mr Cleary:** Have you met with the municipality of Charlottentown over leasing those parks that I've been talking about?

**Hon Mr Saunderson:** No, I haven't.

**Mr Cleary:** I sent a request in that had been sent to you earlier.

**Hon Mr Saunderson:** Yes, I know. You and I have been talking for about a year on this thing. Quite frankly, as I said to you in question period today, I was in the Kingston region a couple of weeks ago. I might say it was all for good news, because what got me there in the

first place was the opening of the new addition of Celanese Canada's fibre plant. It's an almost \$200-million addition to their plant. It is a very good news story in that they chose, in competition with other plants within North America, to locate in Canada and particularly in Ontario this new addition. It saved about 350 jobs and it has created some 50 to 100 new jobs, and it will create more in the future.

However, that got me down to Kingston and it gave me a chance to meet with the St Lawrence Parks Commission board. We talked about all of the area there, and I brought to their attention that if they could get more private sector money, just as they are getting it to help Fort Henry — they are hoping to raise \$200,000 for Fort Henry from the private sector. I encouraged the board of the St Lawrence Parks Commission to try to do more of that so that we could, with private funds, along with our own, open the parks that you are thinking about and also maintain in a better way all the other facilities in the St Lawrence Parks Commission area. I don't know if that's the answer you want, but that's the best I can give you at this stage of the game.

**Mr Cleary:** Was there any reason why you wouldn't have met with the Charlottentown municipal people? Because they said they would come here to do that.

**Hon Mr Saunderson:** I would be happy to meet with them. It just so happened that my day was taken up first with Fort Henry, then with the St Lawrence Parks Commission board, and then with the opening at Canadian Celanese. I was basically there for not even a whole day. But I'd be happy to meet with them.

**Mr Cleary:** Because you're always talking about partnership, and they seem to have a little nibble on at least one of the parks right now.

**Hon Mr Saunderson:** That's what we're looking for, Mr Cleary. We would like to see them open, as we would like to see anything open that's closed, because it creates jobs.

**Mr Cleary:** You have another maybe half-decent proposal in there too. I guess it would be a joint education and federal government project that was sent to you back a considerable time ago. We haven't heard too much on that either. We have all that stuff in our office.

**Hon Mr Saunderson:** I can't give you a specific answer on that particular subject. My ADM is here with us and we could look into it for you. Maybe you could write to us. I have never had anything cross my desk on this subject.

**Mr Cleary:** Is that right?

**Hon Mr Saunderson:** That's what surprises me.

**Mr Cleary:** We'll make sure that it'll be hand-delivered to you.

**Hon Mr Saunderson:** Would you do that, hand-deliver it to Marjorie in my office? That would be the best way to have it handled.

**Mr Cleary:** Because they've been asking me about it too, you know.

**Hon Mr Saunderson:** Yes, I understand.

**Mr Cleary:** We've got to get some jobs there in eastern Ontario. It's a shame, what I see at those parks there. I don't think it would be too late for next spring yet, but if we let it go too much longer, it will be.

**Hon Mr Saunderson:** I understand. I said it again today: We need partnerships with the private sector. If we can help do that and try to make that happen, fine, but until that happens, we just don't have the funds to do it on a standalone basis.

**Mr Cleary:** Do you mean, as with this one project that they have been working on with the school board there, that there would be federal money involved in that?

**Hon Mr Saunderson:** If we could get the federal people to put money in, that would be fine, but it would have to be their money.

**Mr Cleary:** Anyway, I'm going to gather up what I can. I think we're missing next week and coming back on the 19th.

**Hon Mr Saunderson:** Yes, probably.

**The Chair:** We could try tomorrow too, anyhow.

**Mr Cleary:** Are you cutting me off?

**The Chair:** Yes.

**Hon Mr Saunderson:** Can I just respond, though, to say that I want you to understand, when I respond to you in the House and say we haven't got the finances to do this because of our drive for fiscal responsibility, that it's in no way a personal attack on you, and you know that, or on the people from your constituency. I wish it wasn't so that we had to say a lot of these things, but I do think sometimes, if it's possible, if we can get more partnerships with the private sector, then this government is much happier to work with things such as those parks.

We are in the process of being able to make some announcement about how we would like to market Ontario, not only from the tourism point of view but from just the business point of view of attracting businesses here. All the time, we're trying to get the private sector to work with us. If you want, I can elaborate on that later on.

I just wanted to draw your attention to an article in the *Globe and Mail* today in the financial section. It talked about how if you can get your finances in order as a province, and they were referring to some of the maritime provinces and Saskatchewan and Alberta, what a tremendous advantage it is, because then you have so much more money to use in a sensible way.

1600

**The Chair:** Having said that, Minister, you're not going to have a lot of time to respond, Mr Martin.

**Hon Mr Saunderson:** That's all right. I'm finished anyway.

**Mr Tony Martin (Sault Ste Marie):** Minister, the last time we met, you, in your brief to us and in comments that you made, talked about how well Ontario is doing, how you're out there around the world selling Ontario and that investment in Ontario is up. We should, I suggest, consequently all be doing a lot better because of that.

I am trying desperately to get a handle on just exactly what the truth is in all of that, because on the other hand, I read reports coming out now on a fairly regular basis from a number of organizations that suggest to me that we're not doing well and that a whole sector of our population, a very important sector to me, and I hope to you, are in fact doing worse.

Groups such as the Canadian bishops, although not probably by profession economists, tend to, by way of the tentacles they have out into the communities and neighbourhoods of our province, know what's going on in the lives of the people they work with. They are saying to us that what you're doing in Ontario is equivalent to a bad case of child abuse for a whole lot of children in this province because of your policies and the fact that you're throwing a whole lot of people out of work and not increasing opportunity for all of the citizens of Ontario to participate in this renewal that you speak of. I'd like to know what you think and say and feel when you read these reports from groups like the Canadian bishops, when they accuse you of child abuse.

**Hon Mr Saunderson:** First of all, I count the Anglican bishop of Toronto as a friend of mine, and I am still allowed to sit on the board that manages the funds of the Anglican diocese of Toronto.

When I go to those meetings of the board, I don't have people telling me that we are doing a bad job. As a matter of fact, this committee of the Anglican diocese of Toronto, all appointed by the bishop of Toronto, Mr Finlay, tell me that they approve of what this government is doing, and they approve of it because they have investments, bond investments, equity investments, and some of these investments are based solely in Ontario and these investments are doing very well.

I have to say that if I were to talk to the Canadian bishops, there are a lot of things I could tell them, but I don't think we're throwing a whole lot of people out of work. We actually have created approximately 100,000 net new jobs since we were elected. I know we have talked about this before, Mr Martin, how the tide ebbs and flows on employment numbers, but the overall trend is up and continues to be up, and I have a lot of confidence, the way the economy is going in this country and in this province, that more jobs are going to be found.

I know we always have the debate about whether we're going to create 725,000 new jobs in our first term. I say we are, because I think we're setting the right climate. I have here a list, and it goes on and on, but just as an example, in Hamilton, Camco is going to put in a \$38-million investment to create 200 to 300 new jobs, and that's to create some new home appliances.

Longo's in Burlington is planning a second store, expected to employ 150 to 200 full- and part-time staff. McDonnell Douglas in Mississauga is going to invest \$15 million over the next two and a half years on new equipment. The company also plans to hire 200 new employees by the end of the year. There are going to be 91 new constables starting with the Metro police. This list goes on, which I'm very pleased to see. I'm glad it is so long, and if I read it, it would probably take too much time, Mr Chairman. But the bottom line is that no matter where you go, no matter what industry, there is generally a trend upwards in employment and a confidence of investment.

I read the Diane Francis article in the *Financial Post* today. She just went on to say that of the millions of dollars that have been invested — I'd like to read this to you. There's something in the neighbourhood of \$60 million. I'll just read you something here if I can find it.



"Ontario was a mixed bag, underperforming under the hideous governance of socialist Bob Rae and grabbing more than its share once Mike Harris took power. In 1995, Ontario got \$10.4 billion of that year's \$17.7-billion total, or 59%," of what foreign companies wanted to invest in Canada.

"It wooed only \$5.5 billion in 1991, \$5.6 billion in 1992, \$4.3 billion in 1993 and \$6.3 billion in 1994." So it has gone from \$6 billion to \$10 billion. That is a dramatic increase.

"These figures are greatly overstated because Ontario lost untold billions of dollars worth of capital and investors due to the Rae regime.

"Even without those losses subtracted, the province underperformed and got only 43% of all foreign investment between 1991 and 1995 compared to Harris's 59% in 1995."

The bottom line is, what's happening is that the foreign investors are looking at Canada and they're saying, "Where is it friendly for us to invest?" They're saying Ontario and Alberta, to name the major provinces that are industrial provinces.

With this list that I just spoke to you about, plus an article like that, which has some very good statistics in it, I think that we're not throwing a lot of people out of work. We're creating jobs. We're creating the right environment. If we didn't have the right environment, why would these companies be coming to us?

I want to say that there was a very good study performed, and it's what top firms want when they're looking for expansion. Let me read through what they look for, and then you see how Ontario fits into what they're trying to look at.

The first is availability and skill of labour force. We know that we have a very skilled labour force, so we rank well there. The second thing is that government is pro-business. Just think about that: Government is pro-business. We certainly are pro-business. We could name all the things we said we'd do in the Common Sense Revolution, which, by the way, we have done and are doing.

1610

Third, the corporate income tax: I think our income taxes are fair in Ontario. There might be some tax credits that might be introduced, but at the present time I don't think corporate income tax is driving investors away from Ontario.

Modern highway and mass transit system: I think we've always had that in Ontario, to give all parties who have governed this province some credit, over the years. But there it is, they're looking for good infrastructure.

Real estate prices and property taxes: We're having a look at property taxes, this government is, right now in Ontario, but our real estate prices are good value, particularly when Americans come here with a dollar that's worth 75 cents.

The sixth item is quality of elementary through high school education systems. I know we've been through this one before, because we do have a good system; we're just trying to make it better. I discussed this I think with you last time.

The seventh item is personal income tax. It says, "Management is sensitive to factors that affect their personal bottom line." The personal income tax, as you know, is starting to drop quite substantially in Ontario and it's happening in three stages; The first one was July 1, the next will be January 1, 1997, and again six months out. But the bottom line is it makes our taxes competitive with any province in Canada.

Proximity to current/future customers: We are within a day's drive of 120 million people. One of the great things we have to stress about Ontario is our geographic location. That's another thing; no matter what party's in power, that geography never changes. It's the economic and business climate that they look at.

Number of colleges in our vicinity: We have, as you know, a fine number of colleges and universities.

Proximity to key suppliers: I've already talked about that.

A healthy and vibrant downtown area: We've seen what the National Geographic and Fortune magazines think about the Toronto area — and proximity to competition, because people competing with each other spur each other.

But in that list there's nothing about financial assistance, which everybody thought you had to give to get business. Do you know that in a few years from now, about four years I think it is, Alcoholics Anonymous are going to come to this city and hold their annual convention? That is one of the biggest conventions any city could get in the world, something like 50 million people. It will fill all the hotels.

**Mr Monte Kwinter (Wilson Heights):** Fifty million — give me a break.

**Hon Mr Saunderson:** Fifty thousand, excuse me. I'm so used to talking about employment figures, but I'm glad you brought me up.

**Mr Kwinter:** I can see when you're drunk it may seem like 50 million.

**Hon Mr Saunderson:** I promise you this is only — it says here — pineapple-orange juice.

**Mr John L. Parker (York East):** If we send Sid Ryan to count it'll be 50 million.

**Hon Mr Saunderson:** Anyway, it's 50,000 people coming to Toronto. When they first came to see us —

**Mr Kwinter:** And I wasn't even paying attention.

**Hon Mr Saunderson:** Money has always made you wake up.

That means we're going to have a big convention here, but it also means that when they came to ask us could we do something for them financially, we said, "No, we can't, but here's what we can offer you: a quality of life that this city has and this province has." So there's a lot going for this province. I just wanted to say again to you that I don't think we are putting a lot of people out of work, which you implied, or as the bishops are thinking.

**The Chair:** With that long answer, Minister, I think it's time for the Conservatives.

**Mr Toby Barrett (Norfolk):** Minister, you talk about the advantages we have in this province: quality of life and the benefits to attract business and investment. I want to kind of switch back to the importance of attracting visitors and tourists to our province as well. I'm thinking

more specifically of the tourism potential in my riding, and so much of Ontario has really an untapped potential to attract visitors. My question relates to the need for a coordinated effort to inform travellers of attractions.

My riding has several fishing towns, tourist towns. Duck hunting is very important. There are three provincial parks in the riding. It's an area known for its agricultural fairs and a myriad of weekend festivals. Municipality by municipality, these various events are promoted and the various business establishments promote their attractions. The Ontario government is involved and other government agencies.

But I'm wondering to what extent there is a problem with the various players really working in isolation from each other and to what extent advertising, dissemination of brochures or the developing of marketing plans could be better coordinated. I don't know whether we would look to the Ontario government to do this kind of coordination of publicity dollars or planning dollars to better enable communities, not only in my riding but across Ontario, to attract visitors. What role does the Ontario government have in attracting tourists to Ontario?

**Hon Mr Saunderson:** First of all, Mr Barrett, I want to say what a great organization your riding area showed when it held the most recent International Plowing Match, although I didn't think you arranged the weather too well at the beginning. We had to cancel the opening. But apart from that —

**Mr Barrett:** That attracts a certain kind of tourist who likes mud.

**Hon Mr Saunderson:** That's right. But apart from that, I know about your riding and also other ridings nearby and you have a lot to be proud of.

I'd like to tell you a little bit about what we're doing for tourism in Ontario, if that's okay with you, and how to attract. I might say right off the bat that I find one aspect of tourism which is the hardest, and that is there is a lot of duplication in tourism as every area tries to attract people to it. We try to attract people to Ontario through literature and advertising etc in magazines and we produce books like this. You've seen those, Trip Planner and Only in Ontario, and that goes around the world in different languages. Then your area also puts out tourist publications and a certain home or other attractions put out their own brochures as well.

I don't think it's wasteful, because I think it's one of those things that has to be done, to bombard people with information. First of all, we have to do it out of the country and then when people get here, the districts have to take over. But I have noticed, Mr Barrett, that many of the maps that are put out for your region — and, by the way, I have a map up in my office of your region because it was put out for the plowing match. I would imagine that most of that map — well, all of it — was paid for by the advertisements and the advertising that went in. So there's a way that you're community partners with the private sector and it's a win-win situation when that happens.

I have to say to you how important the tourism industry is to the province's economy. It's our fourth-biggest export and I think it's about our eighth-biggest employer, so it obviously is a big industry. I mentioned

earlier how we try to promote aggressively abroad, particularly in Germany, the United States, Japan and the UK. Those are our biggest sources of tourism to Ontario. We will, as I've mentioned, soon be able to announce our Ontario marketing plan, which will not only be for attracting business and industry and people to do business here but also be for attracting tourism.

**1620**

I have called for the establishment of a tourism marketing task force, and that is to take a hard look at the tourism industry in Ontario. We had the Ontario tourism commission from the previous government and it made a proposal for a not-for-profit corporation as a remedy to our tourism concerns. We found that unacceptable and we felt we could not give all of our tourism marketing money to a group like that, so that's why we're coming out with appointing this tourism marketing task force, which I will be able to announce soon. I have already spoken to the person I want to chair this and to the vice-chair as well. We actually have a very good number of individuals who represent all aspects of tourism in Ontario and I think they will do a very good job for us.

We are divided into 12 tourism regions in Ontario and we have corresponding travel associations, often referred to as OTAPs. I think you've heard of that. I haven't got a map with me, but I can read them to you.

They start out with the Southwestern Ontario Travel Association. That's pretty self-explanatory. That's into your area, by the way, Mr Barrett. Then Festival Country, which is Niagara and Mid-Western Ontario Travel Association. Lake Lands, which is up around Barrie. Metropolitan Toronto. Getaway Country; that's down in the Peterborough area. The Ontario east, which Mr Cleary would be interested in; it's administered by the Eastern Ontario Travel Association, which takes in Cornwall-Ottawa. Then the Near North, which is the Almaguin-Nipissing Travel Association; that's obviously the Lake Nipissing area. Then there's Rainbow Country, which is around Sudbury. Then number nine, Algoma Country, Sault Ste Marie, Mr Martin. Number 10, the James Bay Frontier, all the way up on the Polar Bear Express to Hudson's Bay. Then North of Superior, which is Lake Nipigon north of Thunder Bay. Then Sunset Country, which is the western extreme of the province, taking in Kenora, Rainy River and Fort Frances.

Those are the regions that we have in Ontario and I think they provide marketing assistance to the members. We try to provide marketing assistance to the members of the tourism industry in those areas.

We have a field staff of tourism industry consultants who evaluate the marketing and the financial plans of their respective associations. All of these are reviewed by the regional director and general manager. We recently had a meeting with all the OTAPs and discussed their marketing plans and issues facing them. You'd be interested to know that we had into Toronto a few weeks ago our field staff, which includes our tourism people. The message I wanted to give them was that they really were our people in the field to market Ontario and everything that is so good about Ontario, including the tourism. They had a two-day session in Toronto to help



them get to know that we're coming out with this tourism marketing task force. They went away, I think, really enlivened about what the prospects for the province are as far as tourism is concerned.

I think I've answered that, but you might have a supplementary question.

**Mr Barrett:** Yes, I agree that the Ontario government certainly shouldn't be coordinating everything and a little bit of competition between towns doesn't hurt either. You get a much better show depending on what kind of festival or attraction they're trying to develop if they're competing with the neighbouring town or the county next door.

As far as coordination is concerned I think in this committee we've talked a little bit about the need for coordination with respect to highway signage across the province. You mentioned a few minutes ago Ontario is a day's drive for something like, I think you said, 120 million people. Once they get here, we've lured them in, what progress has been made in setting up a coordinated system of highway signage on our provincial highways? I understand there is a proposal and I want to get an idea what progress has been made as far as design or setting up partnerships with private tourism-based business establishments that could use this kind of direction.

**Hon Mr Saunderson:** We did have a competitive tendering system to get a proper signage system in Ontario. A company called Canadian TODS was chosen by competitive tender. They are to finance and deliver a new system. When we were looking at the tenders, this company showed that it has very good experience implementing systems similar to what we would like to have in Ontario. We felt they were the best able to meet our needs, and I think you'll be pleased with them.

This company is an American company which has incorporated a Canadian company, and there will be very significant Canadian content in their program. Ontario companies will be used to make and install the new tourism signs, so all of the making and installation will be done by Ontario companies. We're just in the process of negotiating an agreement with Canadian TODS and we hope to have the system up, and I know we will, by early 1997.

There have been some model signs introduced in Ontario, and you may have seen some of them. One of them is on Highway 401 between Brockville and Cornwall — that's a freeway corridor, obviously — and on secondary highways up in Muskoka, Highways 118 and 169; and there's been some special theme signage regarding St. Jacobs. Wayne, you might know about that in the St. Jacobs area near Kitchener-Waterloo.

We've been working with the Ministry of Transportation to develop a good signage system that will give a broad range of tourist attractions and services on provincial highways in a consistent manner. If people wish to participate, they will pay to have their sign. If you are a resort or if the St. Jacobs area wants to do this, they will pay for this and it will be no longer at the taxpayers' expense. There's no doubt you have to have good signage if you're going to accommodate tourists.

**Mr Kwinter:** I was hoping that I was going to be able to leave the subject of VLTs, but unfortunately I have to

come back to it. Could you tell me your perception of what a video lottery terminal is going to look like and how it's going to operate?

**Hon Mr Saunderson:** I am happy to say that I have actually gone and played a VLT, if that's what you call doing it, at the Winnipeg airport. I actually won 25 cents before I was finished.

**Mr Parker:** Did you get hooked?

**Hon Mr Saunderson:** No, I didn't get hooked. It doesn't turn me on, as the expression is. What does it look like? I'm trying to think, what was it we all played in the old days?

**Mr E.J. Douglas Rollins (Quinte):** Pinball machines.

**Hon Mr Saunderson:** No, not pinball. You pull the crank —

**Mr Kwinter:** Slot machine.

**Hon Mr Saunderson:** I guess it was a slot machine at some of the resorts. What you do is you put your money into this machine and if it comes up three apples you win, something like that. But you just put your money in and there was a button you pushed and then it happened. If you won, you won and some piece of paper comes out and you take the piece of paper to a cashier and the cashier pays you whatever the money is that you won.

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They're not big machines, if you're wondering how big they are. Probably if you squared that name plate, that would be about what a machine looks like, a little bit bigger maybe, but not much. Where I saw this was at the airport in Winnipeg, and there was a cordoned-off part for presumably people of drinking age, I think 19 or over, to go and sit at. That's what it was like. It was not a crank machine like you get in the casinos, and I think there was little bit of discussion in the House about that today. That's my observation of those.

**Mr Kwinter:** The reason I asked the question is that I was trying to determine — you've answered the question, but I'd like you to expand on it a bit. How do they differ, other than the fact that one has a crank and the other you push a button? Are they basically the same type of operation? As a matter of fact, you actually referred to the fact when you mentioned it was like a slot machine.

**Hon Mr Saunderson:** It's not like the slot machine of old. That's the best way to describe it.

**Mr Kwinter:** What about the slot machine of now, the ones that are in the casino?

**Hon Mr Saunderson:** Yes, I've seen those. I've toured both the Windsor casinos and the Rama casino. There are many games you can play on the VLTs, nine games or something like that. You pick which one you want to play, whereas in the slot machines it's just one game you're playing to get certain things to match.

**Mr Kwinter:** Let me explain the reason for my questioning. Today in the House the Premier stood up and in response to a question said — he changed his nomenclature as he went along, but when we first started out he said VLTs will only be in the Windsor casinos, the Rama casino and the new Niagara Falls casino. There was lots of hooting and hollering about, "You've suddenly changed your mind." Then in the next response he started differentiating between slot machines and VLTs

and said, no, the slot machines would only be in those casinos but the VLTs would be in other controlled areas, they would be in permanent charity casinos that were being set up, and he actually stayed away from talking about whether they'd be going into restaurants or bars.

What I'm really trying to determine is, other than the mechanics of how they work, would you not agree that the slot machines in the casinos and the VLTs are basically the same kind of apparatus? You put money in, something comes up and if you get the right sequence, you win money.

**Hon Mr Saunderson:** I'm not an expert on this at all. I think the Premier meant the slot machines would be in the casinos. Yes, I think that's what he meant. Slot machines are different, but there is a similarity between them, I suppose, in that they're games of chance. They're not new because we had slot machines for a long time when we were all a little younger. I don't know what more I can say to you. They are somewhat similar but, as I said, slots are one game. I don't buy the argument that these things are so addictive. I think people will play them but I can't see them staying if they aren't having a good day. People will say they have so much money and they'll play them.

**Mr Kwinter:** The reason for my questioning is that when you talk about VLTs a lot of people think you're talking about a bacon, lettuce and tomato sandwich, but you're really talking about the same animal as a slot machine, yet there's a negative connotation when you say "slot machine." There's either a neutral or, if people really get into it, maybe a negative. But the point I'm making is that when you refer to them as VLTs and the Premier seemed to switch to say, "Slot machines are going to be in the casinos, but the VLTs are going to be in these other areas," basically they're the same thing. They really are the same thing. They may take a different form that one turns out money and the other turns out a voucher or a slip that you can cash in, but they're basically the same kind of thing.

All I am trying to really get on the record is that the government is contemplating taking slot machines, VLTs, whatever you call them — I think they're the same animal — and expanding their use. I have no problem with that. I shouldn't say that. I have no problem with the government saying that if that's what they intend to do, but I do have a problem when there seems to be an effort on the part of the Premier to try and differentiate and say, "Yes, but we're keeping the slot machines in the casinos and we're going to the VLT" — as if it's something else and something different — "and expanding the proliferation of those." That's really all I'm trying to determine.

**Hon Mr Saunderson:** Well, the VLTs, as they're being called, are going to be — and we heard this today. They're going to go first at the racetracks and, on the subject of the racetracks, that's a great source of income for the racetracks, which have been suffering of late. The fact that they're going to be able to be at the racetrack is a big help to the horse racing business. I know Doug would agree with that. They were suffering, so it's going to help them economically.

Then once they're installed there will be a determination made of charity gaming halls, how many there

should be and where they should be and that type of thing. That will be the next thing and every way along the path from racetracks to charity gaming halls there's going to be a very good look to make sure these things are being run properly and only the people who should be playing them are playing them. When it's decided that the system is working properly, then they will go to licensed establishments.

I think it was wrong today for somebody to ask the question about, "Oh, they'll be going into all licensed establishments." There are going to be 20,000 of them installed. The racetracks will be the first ones, and I don't know if we have a note on how many will be in the racetracks — it's 3,500 to the racetracks, then in the charity gaming halls 5,000, and that leaves roughly 11,500 to go to licensed establishments.

Now, I don't think you just put one in these licensed establishments; you put more than one machine, up to a maximum of five, I'm told. So five into 11,000 is about 2,300. It looks like about 2,300 different establishments, and it could be two in one, I suppose. So not every licensed establishment is going to have a VL. That's my understanding of it.

**Mr Kwinter:** Let me tell you where the major concern seems to be. You heard the results of the poll. You heard that there are 50-plus communities who have passed bylaws outlawing them. Again, I may have a feeling about VLTs in a general sense, but in a specific sense the genie is out of the bottle and there's no sense fighting it. We've got casino gambling. We've got all these things.

Certainly if you put it into a racetrack, whether you've got live horses running and you're betting on it or whether you've got a mechanical device that's giving you the same kind of odds, I have no serious problem with that; nor do I have a serious problem with setting them up in controlled charity gambling establishments. There are all sorts of games of chance going on there; this is just another form. Where I do have the problem is when you get outside of those controlled environments. To suggest that once you get into these licensed establishments they're going to be controlled as well, that is where we have the problem. We have lots of controlled establishments, supposedly, where there are all sorts of abuses with the serving of liquor, things of that kind.

The other problem that I really caution you to take a look at is that at one time — and I remember in Toronto very vividly that the very first licensed establishment was the Silver Rail restaurant on Yonge Street.

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**Hon Mr Saunderson:** We all remember it.

**Mr Kwinter:** We all remember that; it was a big deal.

**Hon Mr Saunderson:** It was a long time ago.

**Mr Kwinter:** In those days — and I don't want to cast any aspersions on any previous governments — you had to know somebody to get one. It was something you got, it was a privilege, and if you knew the right guy at Queen's Park and you did the right thing, you might get a licence to run a licensed establishment. That has evolved, and now with the liquor licensing board you get it by right, not by privilege. If you meet the criteria and if you have your public hearings and as long as there isn't a very serious objection, you get it.



If the liquor board turns you down — and I have one just across the street from my riding, it's a cause célèbre at the moment, where they were turned down and they're going for judicial review. I predict that they will get it, because they got a building permit to do it, they went and they got all the approvals. The only thing that stopped them was there was a strong objection from the neighbourhood. But it would seem to me that the authority should have stopped it long before they built this thing and not at the stage they did. As I say, it's going to judicial review and we'll have to see what's happening.

The reason I tell you that is that to suggest that some will get these video lottery terminals and others won't is going to create a problem for you, because how do you arbitrarily decide, "You can have it but this other person can't," if they meet the criteria? If they're a licensed establishment and their competitor down the street gets one, why and how do you justify denying them having one if they meet the criteria? I can see you saying, "Sorry, you don't have the controls, you're not a licensed establishment, you're not this, that and the other thing," but if they are a licensed establishment in good standing and there are no infractions and they are conducting their business in a businesslike way, in a responsible way, I don't know how you arbitrarily say, "You get it, but you don't." I don't see how you can stop the proliferation. I'd love to hear your response to that.

**Hon Mr Saunderson:** First of all, if a licensee has VLTs in his or her location and obviously under-aged people are allowed to play, just as if he or she gives under-aged people alcoholic drinks, then people lose their licence. They would lose the ability to have VLTs and also to have a liquor licence. There is that protection.

**Mr Kwinter:** That's not the question.

**Hon Mr Saunderson:** I know.

**Mr Kwinter:** The question is, how do you get it in the first place? I have no problem with them having it removed because they violate it, but you're saying not everybody is going to get them.

**Hon Mr Saunderson:** What we have done is put out for tender for a group or company that will advise us on how to allot the VLTs. We're waiting for that report, and when that comes in it will be public knowledge and you will hear. But it's now out and I don't know when they're to report back. It's Mr Stackhouse, a retired partner at Price Waterhouse.

**The Chair:** It's Reg Stackhouse.

**Hon Mr Saunderson:** It's not Reg, and it's no relation to him, by the way.

Anyway, there is that report, and when that comes in then we'll decide how to allot these VLTs. That's all I can say at this stage.

**Mr Martin:** It's good to get a second question and to suggest that the answer to my first question was, at the very least, disappointing. It suggests to me that you don't really understand the connection between the way you manage an economy and the impact that has on the people who work and live within the jurisdiction that economy is engined to by way of creating work and generating wealth and contributing to quality of life.

Your answer also suggests to me that you obviously give more credence to the writings of people like Diane

Francis than you do to reports written by organizations such as the Canadian Catholic bishops, who are part of a larger ecumenical organization, who have made similar statements over the last few months about the impact of the decisions that your government is making on the lives of those people they are closely connected with in the communities and neighbourhoods where they do their business.

Your government, by way of its activity, is participating in a global revolution reality that, according to the statistics, has the world's top 200 corporations controlling more than a quarter of the world's economic activity and over 75% of the trade. These 200 corporations have sales equal to the combined economies of all but the world's nine richest countries. Of the world's 100 top economies only 49 are countries; the other 51 are individual corporations. Wal-Mart is richer than 161 countries, including Poland, Israel and Greece; Mitsubishi is wealthier than Indonesia, the world's fourth most populous country; General Motors is bigger than Denmark; and Ford is larger than South Africa. The top 23 corporations, with a combined revenue of \$70 billion, have almost twice the economic clout as the bottom four fifths of all the people on earth. This is the kind of evolution your government is contributing to and buying into. I asked you last round your response to the manifestation of the impact of this kind of complicity on the ordinary people in the cities and towns of Ontario.

The bishops accuse Ottawa and the provinces of child abuse. It says here, "Canada's failure to eliminate child poverty is akin to child abuse by federal and provincial governments," say Canada's Catholic bishops." They got some backing in that from the Washington-based Bread for World Institute. It released a study that shows that among the world's industrialized countries, Canada is tied for second with Australia behind the States in having the worst record on ending child poverty. I've heard over and over again how your fearless leader, Mr Harris, is on a track to emulate what's happening in the United States.

"In the toughest statement any mainstream Canadian church has made in more than a decade, the bishops say, 'Women and children bear the brunt of government social and financial policies.

"Governments are pursuing the elimination of debt, deficit reduction and debt repayment,' say the bishops, 'but there's no doubt that poverty must remain the top priority.

"To think that almost one Canadian child in five lives in poverty in one of the richest societies in world history is nothing less than a damning indictment of the present socioeconomic order,' says a 12-page pastoral letter" that was released on that particular day.

"The bishops' letter, titled *The Struggle Against Poverty: A Sign of Hope for our World*, attacks not only the dismantling of Canada's social security system, but also suggests governments must spend more on education and health. This was the key to eliminating poverty in 11 countries studied by the United Nations, say the bishops."

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A colleague of mine, Mr Kormos, whom all of you around the table will know, suggests that if the kind of agenda this government is on by way of economic

activity and stimulation, which is the reduction of regulation and the turning over of more and more of what government does to the private sector, and taking money out of health care and education and social services is the panacea for the future, then Third World countries would be booming, because they've been at that down there for a long, long time. We all know the result of that kind of economic stimulation: It's that the rich get richer and there are fewer of them as time goes by, and the poor get poorer and there are more of them.

The bishops' letter goes on to suggest that in all age groups poverty rates for women are higher than for men and the group with the highest poverty rate was single-parent mothers with children under 18. Solving the problem of poverty among women is the key to eliminating poverty in Canada, according to the pastoral letter. The Bread for World Institute survey put the child poverty rate at 22% for the United States; Canada and Australia at 14%; Ireland at 12%. Canada's right up there in that statistic.

There's also a statement that has been put out just recently by the Daily Bread Food Bank here in Toronto, to bring it a little closer to home, that says:

"To speak of hungry children in Toronto is not to tug at heartstrings but rather to indicate the unavoidable facts. Children are overrepresented among those who suffer from being poor. Persons under 18 constitute 25% of the population while, as mentioned, they are 43% of those benefiting from food banks and 42% of those supported by social assistance benefits in Toronto. That children with little or no control over their circumstances should be at twice the risk of adults to need food banks is a great risk to public interest. It is not just children's personal vulnerability as innocent dependants that the larger society should be concerned about, but also the vulnerability of families generally in this day and in this age."

Minister, with all of this information available to you, to me, to us, and the statements that are coming out ever more increasingly with each week that goes by from organizations such as the bishops' conference and others, at what point do you and in what way do you determine when your policies are contributing to a breaking down of our society and an increase in poverty among women and children?

**Mr Rollins:** As soon as you started the casinos.

**Mr Martin:** That's a simple answer and it's not that simple. There are two casinos in the province. The fact that you took 22% in income away from the poorest among us in the towns and cities in Ontario, you think that doesn't contribute to an increase in poverty, that kind of fiscal policy somehow doesn't contribute to an increase in poverty and a reduction of the economic activity in our communities?

**Mr Rollins:** When did you think that welfare —

**The Chair:** Let's not have a discussion.

**Mr Martin:** Mr Chair, it's indicative of the very sort of off-the-cuff, back-of-the-hand answer we get from these folks when we present them with the real facts, with the stories that are happening out there.

I drove into Toronto this morning. I flew in from Sault Ste Marie and drove up University Avenue, and I'm

beginning to see again people sleeping in the bus shelters. Last winter in this city we had more people sleeping on the streets of this city —

**Mr Rollins:** Shelters were here five years ago.

**Mr Martin:** — the city that was pointed to by Fortune magazine as the best in the world, than we'd had in the history of this city.

**Mr Trevor Pettit (Hamilton Mountain):** The shelters were full, Tony.

**Mr Martin:** The shelters were full —

*Interjections.*

**The Chair:** Let's have some order.

**Mr Martin:** The possibility of a TB epidemic raised its ugly head for the first time in Ontario in a long, long time, and I suggest to you, watch this winter and see what happens because your policies are being piled one upon the other and they're damaging almost irretrievably some of the good families who live in this province and were so proud to call it home.

I ask you again, Minister, what do you say to the Canadian bishops and the so many others in this province who have become increasingly concerned as each day goes by about the wellbeing of those among us who are most unfortunate and the poorest?

**Hon Mr Saunderson:** I'd just like to first of all say that I, like you, am very concerned about any kind of poverty. I have a daughter who is a paediatrician in a part of the city where she sees a fair amount of poverty and neglect and all of that. So I'm quite aware of what goes on. She's in a Toronto; that daughter is Janet. Then I have a daughter Pamela, who's a child therapist in the Kitchener-Waterloo area, and she sees a lot of abuse and things that turn people's stomachs. We regret that these things have to happen. So what do you do about all of this? Hopefully we educate people in such a way that they don't want that to keep on happening. Also, what we're trying to do, this government, is to create the jobs that will provide people —

**Mr Kwinter:** Mr Chairman, on a point of order: I hate to interrupt, but can you find out why the House has recessed?

**The Chair:** Yes, I'm just going to find that out.

**Hon Mr Saunderson:** I think there may be a vote. I thought I caught —

**The Chair:** There's a recess.

**Hon Mr Saunderson:** Oh, a recess. Could somebody find out for us?

**Mr Kwinter:** Yes, that's what I'm asking.

**Mr Parker:** All I know is that Kormos was speaking and —

**The Chair:** We'll find that out. Good point, Mr Kwinter.

**Hon Mr Saunderson:** So the purpose of our government is to create jobs, create the right business climate that we will get the jobs created. As I said earlier, we're doing that.

I did take some exception to the statement that all we were concerned about were the 200 large corporations in the world, which in the opinion of Mr Martin and the bishops have too much financial clout, I guess. He mentioned Wal-Mart, he mentioned Ford, he mentioned General Motors. Ford and General Motors happen to be



two of the three companies in this province that are the leaders as far as employment is concerned. The other is Chrysler, and of course we have the Japanese manufacturers as well.

**The Chair:** Could I just interrupt, Minister. I understand that the recess has been called because there's a closure motion been called on the casino debate and the Speaker decided to take a recess to consult whether there should be a closure on this. So I think he's coming back later on to make some ruling. You may proceed, but we have about a minute to wrap up Mr Martin's question.

**Hon Mr Saunderson:** Okay. All I can say to Mr Martin is that we don't like any form of poverty. As a government, we're doing what we think is the right thing and that's to create the right business climate so that big business and small business can thrive in this province and create jobs and therefore give people a leg up and a job, and that is a very honourable way to spend one's life — in a job.

But when you talk about big business, let me tell you a little bit about small business. It represents 98% of all Ontario businesses. It represents 41% of private sector employment. We are seeing approximately 100,000 new businesses registered each year. So we are not worshipping the big companies alone; we are supportive of any business, large or small, which creates jobs for people and gives them dignity and a way to raise their families and lift themselves out of difficult financial straits with a proper job. I think that is a very creditable position for this government to take and we've done it with many, many changes to what we found when we became the government in June 1995.

**The Chair:** Do you mind if we take a five-minute break?

*The committee recessed from 1700 to 1706.*

**The Chair:** We'll resume again.

**Mr Rollins:** There are a couple of things that I might be able to shine a little bit of light on. We were out on the VLT or Bill 75 hearings all summer. One of the things that my colleague from the opposition mentioned was about the slot machines and the VLT machines. Slot machines per se are a machine that you can pick up and carry and you can put it in that corner of the room or in this corner of the room or downstairs, wherever you want. The VLT machines are hooked up to a terminal and they're hooked up into a computer system and hooked together so that those VLT machines are such that, as people are playing them, whether they're in a location at Sudbury or a location in Belleville or a location at London, they're hooked up to know that those machines are being activated at that time. So there's where the difference is as far as your video lottery terminals, a difference from your slot machines, where your slot machines are basically your old one-armed bandit. Those are the ones that are in the casinos at the present time and they are strictly a game unto their own. It's a programmed game that's put in there and that's it. Your video lottery terminals have a combination of eight or nine games, they can increase that or decrease that from the master plan of the terminals, so you can choose what game you want to play. Whether you're playing three in a row or whether you're playing a baseball game or

whether you're playing a horse race or whatever it is on the machines, that's the difference in there.

One of the things also that they were concerned about is the availability of who will get them. A long time ago in our liquor licences, we used to have a lounge licence and you used to have a bar licence, a beverage room licence. A beverage room licence, going back to my earlier days and probably yours also, was where you had to be of a certain age to get in there and there was no other person allowed in that establishment. In the last few years we've evolved into a position where we have a dining room and a liquor licence combination where you can bring little kids into that dining room and everything and there's still liquor and there are still beer and spirits served there. That is the difference of those two licences. What it'll revert back to, the VLT machines will be eligible to be installed, will be in an area which is strictly restricted to entrance to that age group only. So they'll have to be liquor licence age to be able to play those machines.

However, if a person was wanting one of those restricted areas in a hotel or in a restaurant, if they had a restricted area where they could restrict one room off by the side and put those in there, then only of-age people would be able to go in there. They would not be allowed to have younger servers and things of that nature in those areas to play those machines. So that would be a controlled access. The same at the racetrack. It'll be a controlled access. Those machines will not be available to a kid that's 17 years old at the racetrack. He will have to be of age to be able to play video lottery machines.

One of the other things that we got from the minister last week was the request for this information that we received today. I want to congratulate him on making this available to us, because I think there's a pile of information in here. One of the other things I can observe is that there's already somewhat of a decline as far as the Ontario Lottery Corp sales are concerned on certain games. So I want the record, Mr Minister, to state that those declines were there before the VLT machines are brought on to the market, because I do know from talking with the people from Alberta, because I was lucky enough to be down to Fredericton a couple of weeks ago representing this legislation and was talking with different people from Alberta and also from the east, that they also had shown some signs of decline before they brought the VLT machines in, but they related the declines in terms of their break-open tickets and things of that nature more to a downturn in the economy, that with a decline in the economy there was a decline in people playing those machines. I hope that gives you a little more insight as far as the machines are concerned.

**Hon Mr Saunderson:** Thank you very much for that. It is helpful to have that explained.

**Mr Wayne Wettlaufer (Kitchener):** Minister, in the figures we were given on the Ontario Lottery Corp today, and for which I thank you very much, I noticed that the business plan the Ontario Lottery Corp had a couple of years ago, which they produced themselves, didn't seem to have a handle on the salaries compared to the actual salaries that were spent. They had an increase of some \$2 billion over their own business plan. I wonder if there's

going to be any recourse on those in charge at the Ontario Lottery Corp for what is a rather severe overexpenditure.

**Hon Mr Sanderson:** As you know, we are doing a review of the Ontario Lottery Corp to see what savings can be had. I think we mentioned earlier that there were savings found last year of about \$36 million. But this a more intensive review, which I think was needed. We're trying to review all our agencies, boards and commissions and have a look at what might be done with them. Certainly there's no desire to change the OLC, but you do want to have a look at these ABCs, as we call them, to make sure they're being properly administered and that (1) we're not spending more than we should and (2) we're realizing as much revenue as we should be realizing from them. The report will be back in about March.

**Mr Cleary:** I wanted to get back to what I had spoken about earlier. I went and got my letter, the Anna Marie Lehmann letter. She said she had returned from a trip to Austria and Germany and she wants to work with the federal and provincial governments to promote tourism in Ontario and Canada. I have a copy of the letter that I'll give you.

The second thing I want to mention is the municipality of Charlottenburgh, where those parks are, a request I made to you on March 6 to meet with that municipality to discuss those closed parks. I have a copy of that letter too and the request from them that I will give you.

I also have a copy of one proposal that a group, headed by the T.R. Léger alternative school, had made for Charlottenburgh Park. It consists of a community partnership to provide a youth entrepreneurship program. The partners are the Ministry of Community and Social Services, Human Resources Development of Canada, the Canadian National Institute for the Blind, the Workers' Compensation Board, the united counties of Stormont, Dundas and Glengarry social services department, the Stormont, Dundas and Glengarry public school board, the T.R. Léger alternative school and the Cornwall handicapped club. The proposal here is that they wanted to lease one of the parks, and they also have a commitment from the federal government for some startup funding. The one thing I must say, to be fair to everyone, is that I have sent the letter to the Honourable John Snobelen, the Minister of Education. I have the proposal here that I will leave with you.

**Hon Mr Sanderson:** Fine. We will respond to you.

**Mr Kwinter:** I would like to go back to the minister and discuss the situation that came up last week, dealing with Bombardier, de Havilland and the province of Ontario. Last week, in an article that appeared in the *Globe and Mail* on October 31, there was speculation that notwithstanding that when Bombardier entered into a contract with Ontario under the previous government to effectively save the jobs at de Havilland, in which Bombardier invested \$51 million for 51% of the company and the provincial government of the day invested \$49 million for 49% of the company and there was a provision that was included in the legally binding contract that at any time up until five years from the date of the original signing of the deal Bombardier had the right to exercise its option to acquire the province's interest in de

Havilland for an amount of \$49 million — subsequent to that, Bombardier has informed the government, it's my understanding from my conversations with them, that in fact they are going to exercise that option. As I say, I've had this confirmed by them. They feel it is a very straightforward provision and they are going to exercise it. Notwithstanding what they say the provision is, the minister has been speculating in the media that maybe he wants to renegotiate the deal. All I want to know initially is, under what authority and under what provision in the contract is there an opportunity for you to renegotiate the deal?

**Hon Mr Sanderson:** First of all, we have a very good relationship with Bombardier/de Havilland. They're a big employer in Ontario. They employ somewhere between 5,300 to 6,000 people and they have a strong order book. As you know, the Dash-8 is being bought with great regularity around the world. Bombardier has a very strong management team at de Havilland.

To go back to the transaction that happened in 1992 with the previous government, in summary, there was a grant of \$200 million, and other grants totalling \$100 million were done in conjunction with the federal government. That's a \$300-million grant by the province and is not refundable. That's money that is gone or is in the process of going to de Havilland. Also, Ontario invested \$49 million for 49% of the common stock of de Havilland and Bombardier put in \$51 million for 51%. We are not at odds with Bombardier and de Havilland on the situation, which comes to a conclusion, as far as a buyback is concerned, on January 31, 1997.

I was somehow taken out of context by the writer for the *Globe and Mail*, and I guess that happens, but in no way are we at odds with Bombardier and de Havilland. I don't want to negotiate in public. We know what came out in the media last week about what Bombardier said it intended to do. We don't intend to remain a permanent shareholder in the company. We are not at odds, as I say, and Bombardier can buy our stake back by January 31, 1997, for \$49 million.

That's really all I want to say at this stage of the game. That is what Bombardier's saying at this time. We have been discussing with Bombardier the termination or the end of this investment. Really, I don't want to say any more than that. I think that's the way I'll leave it.

1720

**Mr Kwinter:** Let me tell you my problem. In the article you're quoted. This isn't someone saying they "think." You're quoted as saying, "We have the right to negotiate another arrangement." It says, "I suppose we might want to stay in."

Where I have the concern is that the day this appeared, if any of you were watching Canada AM, the woman who does the business section made a comment that the government of Ontario was contemplating reneging on a deal it had made with Bombardier. This was quite unusual for her, to make a kind of political statement. She went on to say — and I'm just paraphrasing because I don't know exactly what she said, but I was watching it — that this is going to send a terrible signal to people who are doing business with the government, that if you enter into a deal, somehow or other they can come back



at the end and say, "Yes, we had that deal, but we are not happy with it and we are going to renegotiate it."

My question, really — I'm not trying to put the minister on the spot, and I take his word for it when he says he may have been misquoted, but I just wanted to make sure that when you said, "We have the right to negotiate another arrangement," under what authority you felt you had that right.

**Hon Mr Saunderson:** I think I'll just respond by saying I was misrepresented by that comment taken out of context. If de Havilland wishes to pay us \$49 million on January 31, 1997, we must accept that.

**Mr Kwinter:** That's fine. I'm delighted to hear that, because in my conversations with them before and after I asked you the question, they said: "We have no idea what they're talking about. It's quite straightforward. We have a deal and we plan to exercise it. If they are contemplating reneging on the deal, we would really like to know that." They were quite upset. They said — and I asked the question in the House — they haven't been negotiating: "There's nothing to negotiate. This is the deal. We're exercising it. That's it." I'm delighted that you've responded that way. I'm sure they will be delighted to know that this is what's happening and, as I say, the matter can be at rest.

**Hon Mr Saunderson:** Yes. I have spoken to them and they know from past conversations that that's the way it is.

**Mr Kwinter:** Let me go into another area of genuine concern that I have. The Ministry of Economic Development and Trade, it's often been said, is the vehicle of the government to promote high-tech activity in the province, to promote trade, to do all the things that really make this province the kind of economic juggernaut it is. When you consider that fully one third of all our economic activity is on the basis of trade and when you consider that in order for us to be globally competitive we have to really have the technological competence to compete with other jurisdictions that are very, very competent in these areas, and when I take a look at the book of estimates and I take a look at the cuts that have been made to this ministry, it really is disturbing. Let me just, for the record, outline some of the things.

If you were someone who was looking to invest, and the minister is fond of saying that Ontario is open for business, but if you were to look at the estimates book and you saw what has been cut in this first round — and I shudder to think what is going to be cut in the next round at the end of November — but let's take a look at what they've done. Aerospace assistance, \$11 million gone. RADARSAT, a high-tech device for tracking trucking literally anywhere in North America, terminated. That's \$400,000. The industry research program, \$7,659,300, terminated. The technical personnel program — a program that was meant to take small businesses and allow them to hire technical people to make them competitive — that one, \$3,112,600, terminated. In your reduction measures, for CSR and ORT reductions, phase-out of the sector partnership fund, a program that was put in so that various competitive sectors that needed help could get to the point where they could become globally competitive. Terminate the technology adjust-

ment research program. Another program gone. Reduce support for international agreements: Here we have a jurisdiction that is so dependent on our ability to enter into these international arrangements gone. Reduce the support for science and technology awareness grants, gone. Terminate the university research incentive fund, gone. Terminate the community radio Ontario program, gone.

Reduce support for centres of excellence. That is one that is particularly galling because, on the one hand, the minister is saying that this is really the jewel in the crown of how we are going to get our research, universities and industries to jointly develop the kind of expertise that's going to make us globally competitive. Support for that is gone. It has been reduced rather dramatically and I predict that in the next round of cuts it will be reduced even further. Business assistance programs, terminated. Eliminate direct client services.

So we have a whole range, and that's just part of them — I will go on a little later on and tell you about the other programs that have been cut. So what happens is, on the one hand, you're trying to portray this government as saying: "We're open for business. We're encouraging all of these things." If you saw David Crane's column over the weekend — and David, notwithstanding that he writes for a paper that some of the people on the other side of this room might not be happy about, is a very, very bright guy, and I don't think he's particularly partisan, he's their technical writer, and he wasn't just critical of Ontario — oh, you've got it there, great.

When you start doing these kinds of things what happens is you suddenly lose your competitive edge, and it is very disturbing to me because what is happening is that I get the impression that there isn't somebody standing up to make the case why these kinds of programs are critical. This isn't window dressing, this isn't corporate handouts, this isn't welfare bums getting something. These are programs, when you have a province that's got 10 million people competing against jurisdictions — California, that's got 33 million people, or some of these other places — unless the government is a player, we are not going to be able to compete. Particularly when the trade barriers are coming down, when other jurisdictions are going to be able to bring their expertise and really knock some of our companies out of the ballpark, I think it's critical that someone stand up. And when the people who are coming in and saying, "We've got to cut, we've got to cut, we've got to cut," I have no problem. I have no problem with cutting various programs, but surely the programs that I've just described are so critical and so important to our competitive edge that I think it really does border on criminality to have those things reduced.

1730

**The Chair:** I'm going to have to cut you off.

**Mr Kwinter:** Oh, I was just getting going too.

**Mr Martin:** I'd like to take up on that, maybe, and run with it a little.

We'll move away from the poverty issue for a second, not to suggest for a second that I don't think it's really, really important and one of the critical issues of our day, the kind of poverty that's being created by the decisions

that are being rendered by this government and the impact that it's having on people.

If you take away government's facility to work with the private sector and to be out there in the global economy as a partner competing, I don't know where we're going to end up. I suggest to you, Minister, that if you had been in power over the last five or six years in northern Ontario, places like Algoma Steel would be gone or significantly different and downsized; and operations like St Marys Paper would be gone. There was just no saving it, except the government came in and gave some leadership and participated in a very aggressive and progressive way. Up in Thunder Bay there's an operation that was saved by a partnership of government and workers and management and financial institutions. Kapuskasing, Spruce Falls: Where would it be? There's a company in Sturgeon Falls that makes cardboard. It would be gone.

The whole economy, the whole primary industrial base of northern Ontario would be gone or so significantly downsized as to be insignificant as far as creating jobs is concerned, and we'd be nowhere. As a matter of fact, on Friday my colleague Bud Wildman, the member for Algoma, and I had a meeting with the management team of Algoma Steel. They couldn't believe that this government was getting out of the things that Mr Kwinter just mentioned and then some, because they see the need for bringing all the resources that this province has to the table in our attempt to compete in the global economy.

What they suggested to us, because they're out there too, is that we lose by not having government at the table with us as partners, because other jurisdictions do. We think of many of the states as this sort of right-wing, free-enterprise bastion, but I don't think there are many of them that aren't, in some creative way, involved directly and significantly with government. The businesses in those jurisdictions are working hand-in-hand with government to create a climate that both attracts investment and also allows for that investment, then, to sell its product abroad.

I'm wondering, Minister, what you've done with the department. This was a question that came to us in conversation with the management team at Algoma Steel, who, by the way, are very excited with the results of their last quarter and are working diligently to bring to fruition the new investment that they're about at this particular time. For those of you who don't know, Algoma Steel is now investing close to half a billion dollars. It's new technology which will give them an edge, when this is done, in any steel market anywhere in the world. They want to know what happened to that department of your ministry that one Mr Peter Tanaka belonged to that used to be able to come in and work with industry such as Algoma Steel to restructure or fix up different problems that people got themselves into or that presented themselves.

My first question is, what happened to that department? Apparently it has been decimated and it's not there any more.

**Hon Mr Saunderson:** First of all, it has been reduced in numbers of people and spending, but it has not been decimated. We are no longer making grants to business.

Now, you know that; you've heard us say that. We said it in the Common Sense Revolution: We were not going to favour businesses by giving them grants. To favour one business over another is not fair. I say that usually the ones that get the money are the ones that are reasonably successful and have the time to apply for money; at least that's what I've been told in the past. That's over with now. I just want to make that quite clear: We are not making grants to businesses.

We are, sure, very much in the promotion of the high-technology sector which Mr Kwinter talked about. The inventive companies, the wisdom exchange which was started by your government, Mr Martin, has been expanded upon by us. So now we have these very aggressive, small companies, and we are helping them by having the wisdom exchange more often now in this area; also, we're planning one in Ottawa. I think I've said this before.

We are certainly there to help out business. What I'm saying now, and I've said it before, is that the ministry is very much like a management consulting firm. I know Peter Tanaka, a very respected individual. There are other people like Peter Tanaka in our ministry who can come out and help businesses when they need help. Business advice, whether it's a marketing plan, a business plan, you name it: We've got the people in the ministry to provide that kind of help. I think, when you have a chance to see our announced way that we are going to market Ontario, you're going to see that we are definitely standing up for businesses in Ontario to make the climate right and to get out and sell our province around the world as a place to come and do businesses or make an expansion of existing plants.

I might say that nowadays you just don't go out and attract businesses from around the world. You don't only do that; it's a competition now among the big worldwide companies that operate in various jurisdictions. It's an internal competition, whether it's in the automotive industry or the petrochemical industry, as to where is the best place for us to set up a plant. Then it is up to the management in Ontario to go out and sell what's available in Ontario, what's the business climate here. I'm happy to say that we are getting more than our fair share, as I referred to earlier, of foreign investment coming to this province. It's coming because what's already here is doing very well because of this new business climate.

To say that the cuts are disturbing, we have not had any businesses come to us and say that they are unhappy that we have cut giving grants to business. Most people are saying to us in the business community — and I was at the launch of National Small Business Week just a couple of weeks ago. I spoke about this and I got applause. They don't want that. What they want is to get the government out of their way, which we are doing, making them more competitive so they can get their businesses to expand here in Ontario.

I want to make quite sure that we're still an economic giant. We're becoming much more of an economic giant than we were in the last 10 years. That's partly because we're getting out of a recessionary period, but it's because of this new government approach that we are open for business.



I want to spend a little time talking about centres of excellence. We are great supporters of the centres of excellence. I have toured many of the centres. As you know, the centres aren't necessarily standing there in seven buildings, because there are seven centres of excellence now which we will be combining into four. We are rationalizing the centres of excellence. They are very much in the forefront as far as our budgeting is concerned for this year and other years. We are very conscious of the importance of those centres of excellence, which Mr Kwinter mentioned; I don't disagree with him on that. But they are still getting our undivided attention.

We are out to sell Ontario, to market Ontario. The cuts we have made are essential in our ministry. When I appeared in my ministry after being elected and appointed to the cabinet I was told there was a political staff of 34 people in our ministry. I'm happy to say my political staff numbers 10, which is leading by example. I can't believe that any minister would have needed 34 political staff to run that ministry. Granted, there was more money involved and more people involved, but there was no way that could be justified. So we are making these cuts, which we think are essential.

1740

**Mr Martin:** The minister rambles on about a million things, and I just —

**Hon Mr Saunderson:** I think —

**The Chair:** He wants to ask the question before his time is up.

**Mr Martin:** We know that you're selling Ontario. You're actually selling Ontario down the river.

**Hon Mr Saunderson:** That's not true.

**Mr Parker:** Did it take you all afternoon to come up with that line?

**Mr Martin:** No, it didn't. Actually, it just came to me as I listened to the minister.

Just in case you don't know, this year we have record bankruptcies in this province, record numbers of small businesses going bankrupt. Do you know why they're not coming to the minister's door? Because they know this minister doesn't give a damn. He doesn't care.

**Hon Mr Saunderson:** I have to say to you, on this bankruptcy thing, bankruptcies can be extremely distorted.

**Mr Martin:** Do I have the floor or not?

**The Chair:** Minister —

**Mr Martin:** Look at the time I've taken so far and the time he's taken.

We have record bankruptcies in this province right now. The reason they're not coming to this minister and he doesn't know about them is that he's not travelling in the right circles. He's going to banquets at \$150 a pop to raise money for the Progressive Conservative Party. He's going to organizations that we all know support your approach to life in this province.

I've suggested to you in the days we've had together over the last few weeks that you need to get out and talk to some ordinary folks in this province. You need to get out and talk to some workers, you need to get out and talk to some small business people who are struggling like crazy to keep their heads above water. They're too

busy doing that to seek you out and they know you've cut your office in half, you've cut the number of people who work for you, so there's no way to get hold of you anyway. There's nobody answering the phone.

I wonder, Minister, if this trend of record bankruptcies continues, what you're proposing to do.

**The Chair:** Thank you, Mr Martin. Your time is up.

**Mr Rollins:** I'll give him more time.

**The Chair:** There are some very cooperative members on this side.

**Hon Mr Saunderson:** They're very esteemed colleagues.

All I can say about the bankruptcy situation, which we talked about the other day, is that bankruptcies can be extremely distorted. If you have a large number of companies, of small companies, ill conceived and not well financed, you're going to get bankruptcies from them.

The very fact that the job numbers are up is what I take heart from. I don't want to get into this mud-slinging about going to banquets for so much a plate and all this stuff. All I can say to you is that I spend a great deal of my time attending sectoral dinners of the various industries in this province. Whether it's the clothing industry, the retail industry, I'm out there listening to what's going on with these sectors. That's where we want to spend a lot of our time: out listening to what the sectors are concerned about. That's my answer to that.

About talking to ordinary business people, I make it my point to go and visit small businesses. I guess I see more small businesses than large businesses and I think that's important because, as I've said to you, small businesses create a large number of our jobs, well over 80%, almost approaching 90% of jobs in Ontario. One of my goals every month is to have a dinner meeting with people from big business, small business, medium-sized business, various interest groups, various sectors, and I think that's an important way to keep in touch with the business community.

**Mr Martin:** But what's your plan?

**Hon Mr Saunderson:** I'm talking now and I'm telling you that I have to go out and listen to what people who are running businesses tell me. I want to find out what we are doing that they are not happy with, what we are doing that they want, what was done in the past that they weren't happy with. That's what we have to learn. That is why I am doing my best to be very accessible to all sectors of the business community.

I'll turn it back over to the other group.

**Mr Parker:** Minister, did you want a minute to flesh out an answer to an earlier question or has that been dealt with?

**Hon Mr Saunderson:** No, I'm happy.

**Mr Parker:** Thank you very much for this opportunity.

**The Chair:** Are you talking about Mr Kwinter's question or Mr Martin's question?

**Mr Parker:** I'm happy to leave it to the minister to make whatever comments he thinks are appropriate or merited.

**Hon Mr Saunderson:** I'm happy.

**Mr Parker:** I want to take this opportunity to bring a question to you on behalf of one of my constituents, actually, a Mr Joseph Cooper. He is an exceptional constituent of mine carrying on a very active correspondence with me. I think he works off a computer and is a sort of cyberconstituent. Every once in a while I get a fax from him and he delves deeply into a question.

**The Chair:** He's real, though.

**Mr Parker:** I presume he is. He asks very good questions and puts me to the test from time to time. Most recently he sent me a fax — actually, this is dated today. He asks about the government of Ontario TAP program and has a few comments on it, then he's included a newspaper article which I can't read. I suspect he scanned this into his computer and then faxed it straight off his computer and it didn't reproduce all that well. I can't tell you what the newspaper article says but the headline says, "Ontario Taps Local Business for Info Highway Schemes." In his covering note to me he just summarizes his understanding of the program as follows:

"Twenty million dollars in total is being offered to the public and private sectors as a partnership in investments of up to \$2 million per project. The purpose of this is to strengthen Ontario's image as a leading information jurisdiction."

He goes on to say, "I have not come across any information that would lead me to believe that this is a loan, but rather it is a cash infusion into business-based research. The program will continue to make calls for proposals until all the money has been handed out."

Minister, I know nothing about this program. I'm not familiar with it. I wonder if you can fill us in on it and just tell us what your ministry is doing, if anything, with respect to TAP, apparently telecommunication access program.

**Hon Mr Saunderson:** It was announced in the budget last May and it was \$20 million for telecommunications access partnerships, or TAP. It allows a maximum investment by the government in partnership with the private sector or communities of up to \$2 million, and it's over three years. It was announced by me in Ottawa on August 29 this year that we gave the details of what this partnership is about, and we issued a call for proposals because it means that communities and corporations get together and make a proposal to access some of this \$20 million, up to \$2 million per proposal.

It really demonstrates our commitment as a government, that was made in the budget, to work with entrepreneurs, sectors and communities to improve Ontario's competitiveness through advanced telecommunication networks and applications thereof.

We've had some 35 proposals come into our ministry, and one of the things I find when I'm out talking about Ontario is that people in every country ask us, "What is the infrastructure like?" Of course you immediately think of highways and train tracks and that type of thing. But what they're also asking is: "What is the telecommunications infrastructure? How can we be in touch with our home base if we set up a plant in your province?"

1750

When we were in Germany last year we visited a company, Boehringer Ingelheim, which is a major

pharmaceutical chemical company in Germany. When they heard about what we were doing in Ontario they decided they would have all their communications infrastructure based in Ontario, in Burlington, by the way, and that means about 50 very high-technology, high-paying jobs for that company to look after all telecommunications within North America for their branches. So it is important that we have a good telecommunications infrastructure, and that is one of the reasons why we set this program up.

We feel that TAP, if I may call it that, is going to contribute to job creation and economic development in various regions. One of the problems is that smaller communities are not able to afford some of the telecommunications systems that the better-placed regions are able to do in this province, therefore it's one way to get telecommunications out and made available to smaller communities and regions in the province.

It's interesting that you can do a lot of health diagnostics on telecommunications. For instance, you can do electrocardiograms for heart trouble by telecommunications infrastructure, and that is something we're looking towards helping the smaller communities with. When you're way up north and you're in a snowstorm, you can't get out, there has to be some way for communities to communicate with health centres. It can be done, we hope, through the telecommunications access partnerships. We know this is available through the University of Ottawa, as an example. They have a very fine heart institute.

We're going to strengthen our competitive advantage on the information highway and we're also, in the process, going to be helping the communities or regions that need help in this area. It may surprise some of us to know that not all telephone systems in Ontario are digitalized. Bell Canada is having a program to make sure that happens, because once you have touch-tone phones you can do a lot more rather than the old dial phones. We all take it for granted. It's not always there in the small communities.

I think we're going to be bringing people together through technology with the telecommunications access partnerships. I'm looking forward to being able to announce the first few partnerships from the proposals we've received so far.

Does that give you an idea about TAP?

**Mr Parker:** Thank you very much. That's all good news. As you know, my community is actively promoting the notion of a new media industry.

**Hon Mr Saunderson:** That's on Laird Avenue.

**Mr Parker:** It's in that area of Laird, Eglinton, the old Leaside industrial area, which is still an extremely viable and thriving business area, but the old heavy industry is moving out. Light industry is doing very well in that area but the old, large-scale heavy industries are moving out. We heard just recently that apparently Wabash plans to move out of that area, and that's going to be a serious loss to us. Canada Wire announced earlier this year that they would be moving out, and I think they've closed their operations now. We are hoping there may be some future for the new media, high-tech telecommunications-type industry to move into some of the space that's being



vacated. In our community we see some real potential there.

One of the factors that we think gives our area a competitive advantage is the bandwidth that is available to our telecommunications system through there. As it happens, there is a large bandwidth telecommunications capacity passing through the Leaside industrial area. This was discussed at a public meeting last week. I was very pleased that your ministry was prominently represented at this meeting and I was pleased to attend myself.

The concept of bandwidth was explained very succinctly by one of the members of the committee that's pushing forward the new proposal. It was expressed simply in terms of how much information can be pushed through the system at a time. Over a normal telecommunications line there is obviously a very distinct limitation to how much information can be squeezed through at a time, and it was expressed in terms of a computer disc. To transfer all the information loaded on a typical computer disc would take X period of time to pass through the standard telephone wire. I think it was expressed in terms of the many minutes or hours it would take to transfer that amount of information through a telephone line. But with enhanced bandwidth and the telecommunications system the entire contents of a computer disc could be transferred in a second. The consequences of that are staggering and of course extremely important to anyone who wants to make an investment in that field and set up a business where they are dealing in transfers of large amounts of data.

In the field of new media, where you have animation and movies and cartoons and other information beyond merely numbers and letters on a printed form, the amount of information that is involved in that type of operation is staggering. For a movie production house that works digitally to operate, transferring information back and

forth from a specialty house that does some of the animation work to the main studio where they will do the editing and splicing and so on takes a lot of data. The more data that can be transferred over a given period of time the better it is and the more viable it becomes for the industry community that's involved in that process.

It's important to us in our community that we exploit that bandwidth and have that bandwidth available generally in the area so that businesses assisting one another in carrying out a project can communicate electronically rather than constantly downloading off their computer on to a disc and shipping the disc next door or across town to the neighbouring business which does its thing to the product and then ships it back physically on another disc. The more that can be done electronically through the wires, obviously the better. Bandwidth is the key if we are to achieve that, otherwise we are at a disadvantage to another jurisdiction that does have the bandwidth where media studios can set up and they can communicate readily back and forth by wire rather than having to go physically.

Having the infrastructure in place with the necessary bandwidth to allow the electronic transfer of data is critical to this booming new field which we see as very important to our area. I'm very pleased to hear your comments this afternoon when you tell me that your ministry is pursuing some initiatives in this area and is seeing to it that we establish ourselves with a strong foothold, not only to meet the needs of today but also to anticipate the needs of tomorrow and attract businesses from around the world to locate their data processing operations here.

**The Chair:** Having said that, Mr Parker, it's now 6 o'clock by my time. We stand adjourned until tomorrow after routine proceedings.

*The committee adjourned at 1800.*





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**Vice-Chair / Vice-Président:** Cordiano, Joseph (Lawrence L)

\*Mr Toby Barrett (Norfolk PC)  
Mr Gilles Bisson (Cochrane South / -Sud ND)  
\*Mr Jim Brown (Scarborough West / -Ouest PC)  
Mr Michael A. Brown (Algoma-Manitoulin L)  
\*Mr John C. Cleary (Cornwall L)  
Mr Tony Clement (Brampton South / -Sud PC)  
Mr Joseph Cordiano (Lawrence L)  
\*Mr Alvin Curling (Scarborough North / -Nord L)  
Mr Morley Kells (Etobicoke-Lakeshore PC)  
Mr Peter Kormos (Welland-Thorold ND)  
\*Mr E.J. Douglas Rollins (Quinte PC)  
Mrs Lillian Ross (Hamilton West / -Ouest PC)  
\*Mr Frank Sheehan (Lincoln PC)  
\*Mr Wayne Wettlaufer (Kitchener PC)

*\*In attendance / présents*

#### **Substitutions present / Membres remplaçants présents:**

Mr Monte Kwinter (Wilson Heights L) for Mr Cordiano  
Mr John L. Parker (York East / -Est PC) for Mr Clement  
Mr Trevor Pettit (Hamilton Mountain PC) for Mrs Ross

#### **Also taking part / Autres participants et participantes:**

Mr Tony Martin (Sault Ste Marie ND)

**Clerk / Greffier:** Mr Franco Carrozza

**Staff / Personnel:** Mr Steve Poelking, research officer  
Legislative Research Service

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## Assemblée législative de l'Ontario

Première session, 36<sup>e</sup> législature

# Official Report of Debates (Hansard)

Wednesday 6 November 1996

# Journal des débats (Hansard)

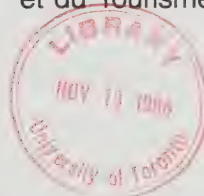
Mercredi 6 novembre 1996

**Standing committee on  
estimates**

**Comité permanent des  
budgets des dépenses**

Ministry of Economic Development,  
Trade and Tourism

Ministère du Développement  
économique, du Commerce  
et du Tourisme



Chair: Alvin Curling  
Clerk: Franco Carrozza

Président : Alvin Curling  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON  
ESTIMATES

Wednesday 6 November 1996

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Mercredi 6 novembre 1996

*The committee met at 1634 in committee room 2.*MINISTRY OF ECONOMIC DEVELOPMENT,  
TRADE AND TOURISM

**The Chair (Mr Alvin Curling):** We resume the estimates for Economic Development, Trade and Tourism, vote 901. When we left off the last time we were going to leave it where the Liberals would have the floor. The remaining time is six hours and 34 minutes. My understanding too is that there is some consensus that the government side will give its time if there are any further questions. If everything has been exhausted, we can then move to the resumption of the report and call the vote. But at this time we have Mr Kwinter who will start.

**Mr Tony Martin (Sault Ste Marie):** We're certainly not going to agree to any change in the time that's required to deal with these issues. We feel very strongly that the decisions being made by this government —

**The Chair:** So you say no to that.

**Mr Martin:** Yes.

**The Chair:** We shall proceed. Mr Kwinter, you have 15 minutes for questions or comments to the minister or staff.

**Mr Monte Kwinter (Wilson Heights):** Mr Chairman, just so I understand, when we finish today we will still have close to five hours.

**The Chair:** Yes, just about five hours.

**Mr Kwinter:** I didn't quite understand what you were saying. What is the time that this committee has to report back?

**The Chair:** The committee has six hours and 34 minutes more for any questions or comments.

**Mr Kwinter:** I know that, but it seems to me that there was an understanding that immediately after constituency week this committee would be reporting back. Is that correct?

**The Chair:** Yes.

**Mr Kwinter:** Which means that, notwithstanding whatever agreement, this is likely to be the last day.

**The Chair:** Yes, if we recess after today and we have constituency week next week, the committee will resume on the 19th and 20th.

**Mr Kwinter:** For two days?

**The Chair:** We continue on Tuesdays and Wednesdays.

**Clerk of the Committee (Mr Franco Carrozza):** To clarify your question, Mr Kwinter, the committee has to report back, in accordance with the standing orders, on the third Thursday in November, which is November 21.

**Mr Kwinter:** So we have to report back.

**Clerk of the Committee:** Yes. If we do not finish, it's automatic that all of the estimates will be deemed to be reported back to the Legislature.

**Mr Kwinter:** Because I'm subbing on this committee and I'm not really familiar with the schedule of those that were supposed to appear at estimates, what I really want to know, and maybe it would help us make a determination, is, what other ministries are supposed to follow us?

**The Chair:** The ministry that's following this is the Ministry of Intergovernmental Affairs. They will follow immediately after the Ministry of Economic Development, Trade and Tourism. As the clerk has said, because on the third Thursday we must report to the House, I suppose we will deem all other ministries that follow —

**Mr Kwinter:** What I'm trying to find out is, by our continuing on, whose opportunity are we eliminating to appear before this committee? Intergovernmental Affairs is one. What is supposed to come after that?

**The Chair:** The one that's following is Intergovernmental Affairs. But by the time Intergovernmental Affairs appears, we will have exhausted the time and will have reached the third Thursday in November, which is the 21st, because on the 19th and 20th Intergovernmental Affairs will be here.

**Mr Kwinter:** Was there another ministry scheduled after Intergovernmental Affairs?

**The Chair:** Yes, there was.

**Mr Kwinter:** Which ministry was that?

**The Chair:** I don't know at the moment, but it wouldn't matter either.

**Mr Kwinter:** It would matter if it was deemed that it was more important for someone to address those particular concerns and would waive Intergovernmental Affairs or deem it to be tabled and move on to the next ones. I just don't know which ones they are.

**The Chair:** Only this committee could waive it.

**Mr Kwinter:** That's what I'm saying.

**The Chair:** It would have to waive this one now and then waive Intergovernmental Affairs and then take the next one.

**Mr Kwinter:** I'm just curious to know what that one is.

**The Chair:** We have Intergovernmental Affairs; Agriculture, Food and Rural Affairs; Transportation; Northern Development and Mines; Natural Resources; the Office of Francophone Affairs. All of those are coming down.

**Mr Kwinter:** I just needed that for information, because as far as today is concerned, it doesn't really make any difference because the third party has said that it's going to continue, so we're going to continue today anyway. As a result, I will be happy to participate. I was just interested.



**The Chair:** Yes. We cannot waive any unless we have unanimous consent.

**Mr Kwinter:** I understand.

**The Chair:** Mr Martin is saying now, even with your well-put presentation, that he wants to proceed with this one, so it doesn't really matter.

**Mr Kwinter:** That's fine.

**The Chair:** Do I understand you, Mr Martin?

**Mr Martin:** Yes.

**The Chair:** Just to note, I presume that this is a 30-minute bell ringing now and that the House is being called for a vote in 30 minutes.

**Mr Wayne Wettlaufer (Kitchener):** The committee is supposed to rise.

**The Chair:** Yes. Considering the fact that there is a vote being called, the committee has got to rise now and address itself to the House. That's my understanding. We stand recessed.

*The committee recessed from 1641 to 1721.*

**The Chair:** I see a quorum.

**Mr Kwinter:** This is a quorum?

**The Chair:** I see one. I don't see any objection.

**Mr Kwinter:** Am I to assume that I have 15 minutes?

**The Chair:** Yes, that's right.

**Mr Kwinter:** I have a couple of questions that are really a carryover from last year. The reason I ask is I still have an interest in these particular areas. There were some undertakings made last year that were never followed through on. I'm not saying that as a criticism; I'm just saying that, because of that, I don't have the information I was looking for. I was talking about what was happening in the so-called Four Motors of Europe. We talked about Baden-Württemberg, Rhône-Alpes, Catalonia and Lombardia. When I look through the estimates this year, I notice they have been shrunk somewhat. There's a new addition in Singapore, but certainly Catalonia and Lombardia are gone.

When I discussed this at my last appearance at the estimates committee, I was told by Ms Wolfson, at that time the deputy, "As a matter of fact, Minister, the office person responsible for the Four Motors is not here, but we'd be delighted to provide you with a status report on that after these hearings." I went on to say I'd very much like to hear about that, but as I say, I have not heard a word. I would just like to know what has happened, and not only what happened that created the shrinkage from four to two, and then an increase in Singapore, but on what basis and what is the status of the relationship now.

**Hon William Saunderson (Minister of Economic Development, Trade and Tourism):** Unfortunately, Dr Chris Riddle is in Singapore at the present time, so, once again, for whatever reason you did not get the information you wanted, we will undertake to do it this time when Dr Riddle gets home. I can only say to you that we certainly value the collaborative research agreements that exist between the ministry and the Rhône-Alpes, Baden-Württemberg and Singapore. There are those two that we're talking about and now Singapore.

We will continue to support joint research projects between Ontario researchers, their industry partners and their counterparts in these jurisdictions. Collaborative research with these partners today is an investment in

technologies that will create well-paid jobs tomorrow. We're sure of that.

The projects between Ontario and Rhône-Alpes, of which there were seven, have been completed. There are no active projects going on between the Rhône-Alpes and Ontario at the present time. Representatives of these two jurisdictions met in November 1995, and it was agreed that a third round of competition would be held at a future date, subject to the availability of funds.

There are currently three projects under way between Ontario and Baden-Württemberg researchers and they will be completed within the next six months. The representatives of the two jurisdictions will meet in Stuttgart in early 1997 to determine whether a third call for proposals will be issued.

Following a successful review by a joint evaluation panel in March 1996, four projects involving Ontario and Singapore researchers received approval to proceed with the final year of the two-year research agreements. These projects will be completed in early 1997. There was a call for proposals for a second round of competition under the Ontario-Singapore agreement, which was issued in May 1996. Forty-seven proposals were received and were evaluated by technical experts from each jurisdiction — I might say by videoconferencing — in August 1996. Six finalists have been selected and a final evaluation will be carried out in November. That's why Dr Riddle is there at the present time.

We have collaborative research agreements with the regions of Rhône-Alpes in France and the state of Baden-Württemberg in Germany and Singapore still going on. The funding to support collaborative research projects between Ontario and these three jurisdictions totals approximately \$800,000 per year.

I've just been handed some material that says the clerk received the information that was required in July 1996. If so, you've heard my comments on it now but maybe we could get a copy to Mr Kwinter of this material if it wasn't delivered to him.

**The Chair:** Maybe the staff could inform me. You said this was given in July. Why would it be —

**Mr Brian Wood:** This is from previous estimates, last year's estimates and the response to it.

**Hon Mr Saunderson:** A request that was made at the —

**The Chair:** I see. You're talking about the previous estimates, not this one.

**Hon Mr Saunderson:** Yes, that's what you're referring to. We'll make sure that Mr Kwinter gets a copy of that.

**Mr Kwinter:** Thank you for your response, but I still don't hear why — if you could just explain to me, and I'm not trying to be argumentative, I just want to find out what happened. Why were Lombardia and Catalonia dropped? I assume that relationship is now terminated as opposed to being in limbo.

**Hon Mr Saunderson:** I don't think it's terminated, but there's just nothing going on with them at the present time. That's my understanding of it.

There was something called Telepresence, which was an interregional committee involving Ontario, Baden-Württemberg, Catalonia, Lombardia and Rhône-Alpes. All of those regions, including ourselves, participated in

a research program involving multimedia telecommunications, and that was called Telepresence. That's all I can report on it at the present time. We will update you on that, though, and we will do so.

**Mr Kwinter:** If I can get back to the information I saw in the estimates that you now have entered into a relationship of some sort with Singapore, and at the same time, in the estimates you state — and I'd like to quote page 47 when you talk about major program changes and about the termination of the Asia Pacific Foundation. You say, "This grant supported the Asia Pacific Foundation, which promotes increased awareness in Canada of the Asia Pacific business and cultural environments as well as increased awareness of Canada in the Asia Pacific."

It seems to me there's a contradiction. On the one hand, you've entered into some sort of relationship, and I'd like to know what that relationship is, with Singapore; on the other hand, you've just terminated a program that would seem to augment or reinforce what you would do in this relationship with Singapore.

**Hon Mr Saunderson:** As far as Singapore is concerned, it's a science involvement. We're trying to link up companies in Ontario with companies in Singapore. I think when Dr Riddle comes back, we will ask him to give you a report on what was accomplished on this trip he's now on.

**Mr Kwinter:** I want to discuss a couple of other areas in which these programs have been terminated. One of them is the consortia assistance and consortia development fund. These programs encourage Ontario companies to form consortia to bid on large international turnkey capital projects, assistance-covered costs for consortia formation and for the development of initial project bids.

I remember, and I'd be interested to know, that seemed to be the major focus of the Ontario International Trade Corp and it was absolutely critical to get some of our companies to participate in major infrastructure projects around the world. It seemed to me with a great deal of ballyhoo and promotion, the Honourable William Davis, a previous Premier of Ontario, was announced as the successor to a previous Premier, and I was just curious to

know why would you terminate that particular program, and if it has been terminated, what Mr Davis does.

**Hon Mr Saunderson:** The OITC is a very useful corporation as far as we are concerned. It's our lead trade promotion agency and its mandate is to assist Ontario companies to increase exports of goods and services to foreign markets. It provides international marketing and consulting services, market intelligence, export education, commercial advocacy for Ontario firms that are bidding on international contracts and/or seeking financing.

As far as Mr Davis's committee is concerned, it meets on a regular basis and there are people there with a wealth of knowledge who are able to give that knowledge at these meetings. The budget of OITC is about \$4.5 million, and of course it is a part of the ministry staff. These are the people who travel for us, as you know; you were the minister of our ministry at one stage, or part of it. These people are travelling and representing Ontario business from time to time.

As a matter of fact, tomorrow I am going to Japan and will spend time not only in the Tokyo region but also in the Osaka region. Oh, there goes the bell. I can tell you that this has been all orchestrated by our people who cover Japan for us and we will be visiting many Japanese companies which are operating in Ontario and as well visiting new Japanese companies which are not operating in Ontario. The reason we're going is to tell them of the changes that have occurred in this province in the last 16 months.

As I talked yesterday and in the last few hours, I guess, about marketing Ontario, we are going to be announcing how we are going to market Ontario in the next few weeks. I can tell you that is going to be a very important part of our thrust as far as attracting business to Ontario is concerned.

**The Chair:** Thank you, Minister. At this time I notice that the bells are ringing again. I'll make the decision because it's a 30-minute bell that we stand adjourned until Tuesday, November 19, immediately after orders of the day.

*The committee adjourned at 1735.*









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Mr Brian Wood

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**Vice-Chair / Vice-Président:** Cordiano, Joseph (Lawrence L)

Mr Toby Barrett (Norfolk PC)  
Mr Gilles Bisson (Cochrane South / -Sud ND)  
\*Mr Jim Brown (Scarborough West / -Ouest PC)  
Mr Michael A. Brown (Algoma-Manitoulin L)  
Mr John C. Cleary (Cornwall L)  
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\*Mr E.J. Douglas Rollins (Quinte PC)  
Mrs Lillian Ross (Hamilton West / -Ouest PC)  
Mr Frank Sheehan (Lincoln PC)  
\*Mr Wayne Wettlaufer (Kitchener PC)

*\*In attendance / présents*

#### **Substitutions present / Membres remplaçants présents:**

Mr Monte Kwinter (Wilson Heights L) for Mr Cordiano  
Mr Tony Martin (Sault Ste Marie ND) for Mr Kormos  
Mrs Julia Munro (Durham-York PC) for Mr Barrett  
Mr Richard Patten (Ottawa Centre L) for Mr Cleary  
Mr Joseph Spina (Brampton North / -Nord PC) for Mr Clement  
Mr Bill Vankoughnet (Frontenac-Addington PC) for Mrs Ross

**Clerk / Greffier:** Mr Franco Carrozza

**Staff / Personnel:** Mr Steve Poelking, research officer, Legislative Research Service

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# Official Report of Debates (Hansard)

Tuesday 19 November 1996

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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
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BUDGETS DES DÉPENSES

Tuesday 19 November 1996

Mardi 19 novembre 1996

*The committee met at 1544 in committee room 2.*MINISTRY OF ECONOMIC DEVELOPMENT,  
TRADE AND TOURISM

**The Chair (Mr Alvin Curling):** Just to set the scene, there are six hours and 14 minutes left of the estimates of the Ministry of Economic Development, Trade and Tourism. The last time we completed, we had a rotating process and it's now the Liberals, so I will just stand down for a bit and ask some questions. I'll ask Mr Cleary to take the chair.

**Mr E.J. Douglas Rollins (Quinte):** John, make sure you rule him out of order a couple of times.

**The Acting Chair (Mr John C. Cleary):** I will keep an eye on him. Mr Curling, you've got 15 minutes.

**Mr Alvin Curling (Scarborough North):** I'm glad to see both parliamentary assistants here. I know they are quite capable individuals who will respond to questions. Their minister was quite eloquent in stating how much the province has been developed and is in good standing at the moment. I'd like to endorse some of the things he said but I'm just concerned in some respects as to how we are perceiving the province, especially in Toronto, especially in the riding of Scarborough where I'm from.

I want to ask about some of the small business aspects of it. One of the concerns I have in my riding is they feel they are not getting a response, things are just held somehow. They feel they're in a twilight zone, that small businesses are not getting support, that there is no surety. Is there anything you can tell us so I can go back to them and say they should not be concerned because this government will be coming forth with some programs to assist them?

I know that the trend of this government now is to say that we give no more grants. Although some of the large businesses are trumpeting on these kind of calls — they're happy because more or less I presume they will gobble up some of the small businesses that are trying — some of the small businesses do need some assistance and support. Is there anything you can tell me that I could then advance to those companies, in Scarborough especially, and I speak of that because I don't have an extensive survey done to say if it's widespread.

First, is this widespread where small businesses are concerned, that government is not giving them enough support? If there is any such support, what are the supports available?

**Mr Joseph Spina (Brampton North):** There are a number of things we have done as a government in general. As you indicated, there were a number of general policies that we made as part of our election campaign.

We as a government recognize that the bulk of Ontario businesses are small businesses and that more than 95% of new businesses employ less than five people.

From a general government point of view, our direction was, first of all, to be able to get the positive economic environment to allow small businesses not to just start up but to grow. Many of the things we've talked about: tax reductions to try to stimulate consumer spending, implementing less-paper, more-jobs tests to get control over some of the unnecessary regulations, and the Red Tape Review Commission is looking at a number of issues.

We've already scrapped a number of rules and regulations that affected small business. You know we both fought in the election campaign to scrap the \$50 filing fee, which we have done, which was not a nominal amount from a dollar point of view but unquestionably a pain in the neck from an administrative, bureaucratic point of view.

Within the ministry, as you know, we have had small business self-help offices, which were started under your government back around 1986 and were expanded by the last government in 1990-91. Those self-help offices — there are 31 of them across the province — are partnerships between the province and the municipality.

What we're trying to do is address more specifically, as well as the general elements for small business, the two key elements that affect small business. From a government point of view, from a ministry point of view it's an issue that has to be addressed beyond just MEDT, it's an issue that crosses a few ministries. There are some educational components, there is some access to capital components, and we are trying to get to those.

One of the first things we are doing in terms of a new initiative — because many of the funding programs, as you know, which were either loan guarantees or outright grants, have been halted. There were 39 funding programs at one time, there are now six. Those six we feel are probably the most valuable in terms of the effect that they can make on the business community, which is why they were retained. They have been frozen for the moment but we feel quite confident that we can expand those six programs and get them revitalized by this coming year.

1550

To address the two elements of education and access to capital, which are the two key elements that affect small business people — that's what they've told us and I'm sure that's what they've shared with you. They need help, they need someone to advise them and they can't afford to pay an accountant \$150 an hour.

**Mr Curling:** But they had that before, though.



**Mr Spina:** What, the self-help offices, you mean?

**Mr Curling:** The education process, and the ministry always had people there who were telling them how to set up business, what to do, where to go, surveys and all that.

**Mr Spina:** Part of the problem is that a lot of that help has not been focused and it has not been delivered in as efficient a way as possible, and what we're trying to do now is marry some of those. When we look at the example we have in London, Hamilton and Ottawa, in those three communities what has happened is that they've gone beyond the provincial-municipal partnership and they've brought in other players in the community. They've brought in the community colleges, the universities, the chamber of commerce, the board of trade and so forth. With all of these people together they've been able to develop educational programs for small business people: short-length seminars, five- or six-week programs on doing a business plan, mentorship programs.

**Mr Curling:** All of what you tell me have been around a long time. The community colleges have been involved for some time. I'm sure the government would like to let you believe that this is the first time it's happening.

**Mr Spina:** No, it's not the first time it's happening.

**Mr Curling:** Let me go on to another point, though, because of the short time I have. I want to go to something that you may think may not be within your jurisdiction, and I'm talking about Caribana. Let me just premise it a bit. I don't want to put you on the spot in any way.

Caribana is one of the largest one-day events that happens in Canada and it brings in an enormous amount of money from the tourism point of view. Government, especially your government, is extremely hesitant in giving any support to it. Some of these organizations are not as organized as any big business and it's sometimes difficult to organize it in a business fashion, which is how I think it should be done. It's a kind of cultural thing, it's kind of an evolving expression in a way.

In regard to the tourism aspect of it, where hundreds, sometimes they say millions, of people come and see this event, pumping millions of dollars into this economy, what do you see your government doing in regard to encouraging that type of business and assisting organizations like those? From time to time we hear about the deficit they're in, and I think they could run their business much better. But again the payoff is just enormous in the sense of hotels that are booked, stores that do a thriving business, nightclubs that do a lot of business, and I would say that Toronto is hopping. There are people who come from as far away as Australia to this Caribana, from all over the world.

What is your government doing to encourage that, to put some money in that? What are they doing, do you think? The other part of the question — you may not be so involved — is that the Minister of Citizenship and Culture I don't think has played such an active part. Is there something being done that I don't know about?

**Mr Bill Grimmett (Muskoka-Georgian Bay):** I'll try that one.

**Mr Curling:** I'll take an answer from anywhere.

**Mr Grimmett:** We as a government certainly recognize the importance of tourism in Ontario and the

importance of events such as Caribana, which obviously has a very significant economic impact on Metro Toronto and really on the whole province. It is an example of a major event that takes place that will attract people from the whole province and also from an international market to come to Ontario. These are the kinds of events that help Ontario to become a major destination for international tourists.

You asked what we're doing to help these kinds of activities. We as a ministry have re-examined the way Ontario markets itself and also the way that we as a ministry assist the private sector in trying to market major tourism events. What we have decided to do, after consulting with the tourism industry and also with people from within the ministry, is to try and develop a better partnership between the private sector and our ministry in developing a marketing plan. We have set up a joint public-private sector panel; the appointments were recently made. We intend to set up a five-year plan to establish a marketing program for the province of Ontario, and we look forward to the advice we receive from the key people from the tourism industry who are going to be sitting on that panel.

Specifically with respect to the issue around Caribana, the Ministry of Citizenship, Culture and Recreation isn't here, our minister isn't here, but I can advise you that the Ministry of Citizenship, Culture and Recreation made funds available for this year's Caribana on the condition that the Caribbean Cultural Committee accepted and implemented the Metro chairman's task force recommendations. The task force recommendations were consistent with the ministry business plan, which articulates a clear objective of giving priority for resource support to activities that will assist organizations to become self-sustaining and non-dependent on government funding.

With respect to future plans in that regard, I think I'm going to have to suggest that we defer that issue until the minister is here tomorrow.

**Mr Curling:** Let me put it to you this way. What you've just read is one of the wonderful lines of the bureaucrats, who say, "These are the directions we want to go, as long as they conform to the principles," and then get lost somewhere down there of what really is. The bottom line is that I just wondered what kind of commitment the government has in regard to things like Caribana, and I don't hear that, I'm not getting any of that. "Here is \$100,000 or \$50,000 and if you conform you can get the money. That's it."

I had actually suggested to Caribana at one stage that what they should do is shut down, as the government and many of the people don't realize that this really pumps a lot of money into the system. It's not a trick. It's just that I think they need help. It's a business, a unique business, and I know it's maybe difficult for Canadians to address because it's a culture that is, if you want to call it, imported. Therefore, for all Canadians of all cultures to come along with it, it's a little bit difficult, but from the business aspect they need help.

What I would ask is, would your minister be prepared to meet with a group of people to discuss this Caribana stuff directly? It's a political question more than anything else because I want to know where the head of the

Conservative Party would be in this regard. I'm not playing politics with that. The fact is, it's the government that is there, they have their own philosophy on how they deal with small business. I just want to know, would you be prepared — both of you are here. Could I get a commitment to meet, and a group of people, with the minister to discuss some of this? I want to say an informal gathering.

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**Mr Grimmett:** I can certainly respond. One of my roles as the parliamentary assistant responsible for tourism is to represent the minister in that kind of gathering, and I'd be happy to make a commitment to meet with the Caribana people as the minister's representative. I can't make commitments on behalf of the minister in his absence, but I certainly am prepared to meet with those people.

I also would like to advise you that the ministry's regional staff in Toronto have worked closely with the Caribana organization over the past couple of years. Also, the assistant deputy minister, Jean Lam, who is here today, has recently met with Caribana officials to discuss how our ministry might be able to assist them in accessing funds that are available through other sources such as the Canadian Tourism Commission. And certainly I would be able to discuss with the various organizations that work closely with Caribana, such as the Metro convention and tourism bureau, who have funds available that they might be able to assist Caribana with.

I think it would be counterproductive to suggest to Caribana that they close down. Our government is aware, just as the people from local government in the Toronto area are aware, of the economic benefit Caribana provides, and we're certainly willing to work hand in hand with the Caribana people to make sure the event continues in the future.

**Mr Spina:** I just want to indicate quickly, Mr Curling, that in Brampton there's a thing called Carabram, which is a spinoff of the Toronto Caravan. They have received virtually no government funding. They have been successful business managers of that event, and over the past nine or 10 years they have been operating that, they've managed to sock away about a quarter of a million dollars in their reserves. I would suggest to you that we really do appreciate the value of Caribana and I think — you made the point very clearly — they just need the opportunity and the backup perhaps to manage the business side of the event better. But I think there is an equivalent in the private sector that could compare.

**Mr Tony Martin (Sault Ste Marie):** I was a little disappointed earlier today when I found out that the minister wasn't going to be here, but I should have known, because I think there was some reference to his going to Japan.

**Mr Spina:** When the last meeting adjourned he said he was going to be away.

**Mr Martin:** I'll tell you, this guy gets around, eh? One of the questions I'm going to ask him when he gets back tomorrow is how his travel outside of the province, particularly outside of the country, compares with his travel inside the province. It seems to me that, for a group of folks governing who talk about the need to be

frugal and careful about spending, this minister in particular does a lot of it. I don't know if the fruits of his labour are as telling as he will, I'm sure, share with us tomorrow that it is.

I have a real concern about the whole agenda of your government. I think you, as people who serve to support the cabinet in many respects, as parliamentary assistants and sitting on committees of various sorts, need to be as concerned as I, particularly when you get a week such as the week we had last week to go back home and talk to your constituents. In Sault Ste Marie I knocked on probably over 300 doors and talked to folks, and I hit four plant gates while I was home and I talked to people about the impact of your agenda on them and on the economy within which they have to operate.

The people at the plant gate are all working, but even they recognize the very detrimental impact decisions you are making are having on our community and on them and their families and their neighbours when they go to get health care or when their kids go to school and they attempt to access the services they have come to expect will be there at a certain quality or level. It's just not happening any more.

I'm wondering, Joe and Bill, what you heard when you went back home last week and spent some time with your constituents around this particular question and what impact you sense that the agenda of the government you are a part of is having on that part of Ontario you represent. Does it compare at all with some of the commentary I heard, particularly at the door, when people would haul me in and chat with me about the way that, bit by bit, their quality of life is beginning to be diminished and, because of that, their ability to participate in the larger community and in the economy of the community is being diminished? I would suggest that because of that, we are all losing.

I will a little later share with you some thoughts from an article that appeared in the Toronto Star a few weeks back that paints the picture probably as clearly as anything I've ever seen. It really is very frightening for me personally, for a number of reasons. I represent a community that not only depends on the private sector and the jobs created and the wealth generated in enterprises like Algoma Steel and St Marys Paper and the ACR, which we as a government were very instrumental in restructuring in the early 1990s as they struggled through a very difficult economy, but very dependent on the jobs created by government services: teachers and nurses and doctors, and the Ontario Lottery Corp, which I now believe is under threat of being dismantled and hived off in pieces.

Joe, you squint your eyes. Have you seen the terms of reference for the external review of that corporation, which has in it in at least a half-dozen places references to privatization, privatization in every instance where that can be done, regardless of the cost to my community? There's no reference in that terms of reference at all to the impact on our community, on the economy of our community, of any decision that's made by this government. When that piece of government business was moved up to Sault Ste Marie, it was moved there because everybody knew it would have other economic spinoffs.



Well, there's a study going on now that is frightening many of us. If at the end of the day big chunks of it are hived off and turned over to the private sector, our community will be the loser in all of that.

I'm going back to the question, to both of you: What are you hearing in your community about the impact of the decisions of this government on your constituents?

**Mr Grimm:** First of all, I'll deal with some of the suggestions made by Mr Martin with respect to, ironically enough, overspending by the ministry.

I just want to assure Mr Martin that our minister is currently in Japan. He is aggressively marketing Ontario. He sees that as one of his roles in this ministry. It is a role that we take very seriously. Both Mr Spina and myself have done quite extensive travelling throughout the province of Ontario, as has the minister. We see the role of the ministry as getting out and marketing Ontario to try to increase investment and travel within the province. We want to work with business and we want to work with public sector partners as well to try to improve the business climate in Ontario. That really is our strategy in trying to create jobs and keep the economy vibrant in this province. I'm sure the minister, through us, needs to make no apologies for being in Japan right now. That's part of his job.

With respect to the budgetary process within our ministry, our minister has been very conscious of the need to keep spending very realistic within our ministry, and he certainly subjects Mr Spina and I to a strict review of the spending that we undertake.

**1610**

But we are out there and travelling the province, getting to know the business community, getting to know the people who operate within the sphere of this ministry. We want to help entrepreneurs out there and we want to know what they have to say about how our ministry can help them.

With respect to the lottery corporation, one of your questions was, what is the current review? How's that going to impact on your community of Sault Ste Marie? Our government is examining all of its operations, including all agencies, boards and commissions. We want to make sure the Ontario Lottery Corp is functioning in the most efficient manner it can. We're going to be undertaking a review of the Ontario Lottery Corp to identify whether there are any alternative and more cost-effective ways of conducting other business functions. No decisions have been made on this and the review is not completed yet.

**Mr Spina:** Tony, you asked in your comments what we heard when we were door-knocking, and I go out every two weeks on Saturday. Generally it is quite supportive of our government's direction and the response is one that they feel we are doing the right things, that we must get our deficit under control because positive management of our economy, our economic structure and economic environment is what creates a stable economy. That's what also makes it appealing to foreign investment.

Last year, for example, the minister had I think around 20 or 25 visits from foreign investors. I had no idea, being newly elected, whether this was par for the course,

below average or something really terrific. I asked the people within the ministry if this was a good response and the reply was that this was phenomenal. They hadn't had that many visits in one month — and this was just in July or August of last year — in four or five years. The response that the minister and the Premier have gotten when they have travelled in Europe is, "Where have you guys been?" They missed Ontario.

After your government closed the business consulates, we virtually disappeared from the face of the earth in terms of our profile internationally. That caused quite a devastating impact on foreign investment in Ontario and, as a result, much of that investment went elsewhere. It went to other provinces and it went to other countries, primarily the United States, since they were coming to North America. We are now trying to reverse that trend, and that is the purpose of the minister travelling to Europe and southeast Asia and Japan.

On the trend in employment since July 1995, we've had 132,000 new jobs created but, more importantly, 114,000 of those jobs have been in the private sector.

You talked about Sault Ste Marie and the reaction you got at the Algoma Steel gates. Tony, I know we both grew up in the city, or at least I did. I know you came a little later. But the reality is that the best thing we could do for a place like Sault Ste Marie is to create an international market that will develop a good export market for Algoma Steel. If we can develop that international market for Algoma Steel, what happens is that those jobs get created and employment will increase in Algoma Steel.

You talked about the public sector jobs that were lost and were causing a drag on the economy in Sault Ste Marie, as in other communities. The reality is that if private sector job creation is as successful as we anticipate, it will more than make up for the loss in public sector jobs, and that's our objective. That's the direction we are heading.

**Mr Martin:** I guess the question I would have of you is, what if that doesn't happen? What if your projections are unrealistic? We had a study done in Sault Ste Marie last year after your budget, and in looking at what had already happened up to that point by way of layoff, office closure and downsizing, it was projected that we would lose in the neighbourhood of between 1,700 and 1,800 jobs by the time you're finished, in the public sector. That will compute to probably somewhere around \$75 million a year annualized out of the economy of the city.

Algoma Steel, no matter what you do by way of creating market for the product they produce, is modernizing. The new plant that they're putting in now, the half billion dollars that they're investing now, is going to at the end of the day, employmentwise, reduce the employment at Algoma Steel. There are going to be less people working there. They're going to need less people working there.

The concern I have is, and I'm not sure if you share it with me, that any economy has to provide jobs for people; otherwise it's an economy that is more interested in making the rich richer. All of the statistics that I look at now and some of the projections that are being made by some people who are held in fairly high esteem by the business community are saying that this in fact is what's

happening at the moment. As you move from public-sector-delivered services to private-sector-delivered services, the one piece that loses out is in the area of jobs and the amount of money that's paid to people in those jobs.

In Sault Ste Marie the projection is that we will lose 1,700 to 1,800 jobs. There's no way that you can make an outfit like Algoma Steel take up that slack.

All of the indicators that I shared so far at these estimates are telling me that there are some very troubling signs of difficulty at another end of the spectrum, which is in the area of poverty and family and children. That's growing and people are becoming more and more concerned. The churches out there are making statements that indicate they have a concern about the growing poverty.

In northern Ontario bankruptcies are up. In Sudbury they're up by 49% this year, the first seven months of 1996. They're up by 41% in the region of Sudbury. In the Tri-town area, New Liskeard and Kirkland Lake, they're up by 25%. In the total region of Timmins, they are up by 74%.

**The Chair:** Is that a long list that you have?

**Mr Martin:** No, it's not that long. It's just a couple more, Mr Chair, and then I'll be finished.

**The Chair:** Okay. You've got about a couple of seconds.

**Mr Martin:** In Sault Ste Marie bankruptcies are up by 61%, and along the North Shore by 26%.

The point I make is, I hear what you're saying and certainly there are people out there who can paint that picture and can make it sound like this is going to be good for everybody and that jobs are actually going to be created and there will be more of them. Anybody who is looking at what's happening right now and projecting out of that what may happen a year or two or three or four down the road, it isn't absolutely certain that that's going to be the result.

I guess the question that I'll have for you when it comes my turn again is, what if it turns out your projections are not correct? How do we take care of the literally thousands of people who will be out of work?

**The Chair:** Five seconds. Can you answer that in five seconds?

**Mr Spina:** Just quickly, we need to expand the focus of economic development from being provincially geared and provincially focused to being a broader base. When I was in the Sault a month ago and spoke with your mayor, I said to him: "You have to take the focus away from just Algoma Steel. You have to broaden the base of economic development." That's of course when he took the opportunity to give me the pitch for the casino.

**Mr Martin:** So when are we going to get a casino, Joe?

**Mr Wayne Wettlaufer (Kitchener):** I thought you didn't like casinos.

**Mr Martin:** I said I was against VLTs.

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**Mr Toby Barrett (Norfolk):** Monday morning I had an opportunity to attend a worldwide television hookup designed to promote Ontario in a number of countries as well as within our own province. The campaign is titled

Market Ontario and is designed to enlist both public sector and private sector partners to assist us all to market Ontario in the rest of the world as a great place to live and to work and to do business and, perhaps most importantly, to continue to lure investment to this province. There were some very significant partners involved, companies like IBM, Bank of Montreal, Bell Canada, Dow Chemical, Ford and General Motors, who all contributed in spirit and also in financial terms for what was a very sophisticated launch. A video was presented using footage provided by a large number of companies, a very professionally shot video, at no cost to the taxpayer.

I think my question relates to how we as MPPs can augment this marketing effort, what we can perhaps do locally. In my riding of Norfolk, exports are very significant with respect to tobacco, ginseng, steel and auto parts. We're positioned very well locally to compete globally.

I might mention that Minister Saunderson does travel a great deal. This was indicated earlier today. He attended our ploughing match. That actually has been described by him several times on this committee. He has had a firsthand look at the beef industry down in the east end of my riding. He also spends time in the west end of my riding in the tobacco country and he knows a bit about the commercial fishing industry in my riding as well and has been known to partake of Lake Erie fish.

In a riding like mine, based on agricultural and primary industry, transportation is very important. The trucking industry is an important component of the local economy. Many of these tractor-trailers travel throughout the United States. One idea that has been presented to me — and I think there's some potential here given the highway infrastructure that we have across the border. I think many of us know that my riding and most of Ontario is within a day's drive of about 120 million customers. I've had a chance to talk with industry in my area concerning this proposal and an offer has been made. For example, there's a construction company in my riding. They're willing to foot the bill to provide signage or basically paint the sides of at least one tractor-trailer that travels in the United States, perhaps using this logo, "Ontario, Canada" — I just forget the phrase — to promote investment in Ontario.

So I'm wondering, where do I go from here? Who do I contact? How can I as an individual MPP capitalize on an opportunity with some local businesses that are very excited about this? They're very keen on putting Ontario back on the map. They travel in the United States. They have salespeople in the United States. They have tractor-trailers down there. They want to help out. What concrete steps can they take? Who should they contact?

**Mr Grimmett:** The suggestion you've made is similar to the kind of suggestion that I've heard in talking to people across Ontario and that the minister has also heard. He's been pleasantly surprised at the reaction by the private sector and also public sector partners that we have in wanting to take part in a robust program to promote Ontario. The approach that we're taking as a ministry with the Market Ontario initiative is that we would like to see a team approach.



The kinds of suggestions you have I've also heard in my riding, where we have some major transport companies. I know currently in my riding, for example, Muskoka Transport, which is an international hauler, makes some of its vans available to local tourism initiatives. If you're willing to have these people meet with people from our ministry, I'm sure we have people in the marketing division of the ministry who'd be happy to sit down with them and see whether something can be worked out.

We have other initiatives within the Market Ontario initiative that people in your riding perhaps could take advantage of. One is the move to business ambassadors. The minister is very encouraging on this program and has found a great willingness in public sector parties, business parties and also in the academic community, on the part of people who are travelling internationally, to help sell Ontario and their particular expertise in Ontario. I know you have some of that in your area, because just last night when I was at the Ontario Federation of Agriculture meeting in Mississauga I was able to talk to some people from your riding in the tobacco industry. I know they're interested in assisting Ontario to sell itself abroad, and they have certain contacts in the tobacco industry.

What we're trying to do with this initiative is to get into boardrooms throughout the world and leave with them the impression that Ontario is now a place that's open for business, that wants international investment, and we want them to think of Ontario first when they make a move to locate somewhere other than their own jurisdiction.

The kinds of initiatives you're suggesting in your riding would be very useful to us as a ministry to look at. I'd encourage you to get in touch with Joe or myself or the minister and we can hook you up with people in the ministry who will help the people in your riding.

**Mr Barrett:** I appreciate that. I think we're going to get a lot of key people who are interested in this concept of the business ambassador volunteer, and not solely people who are travelling around the world. If we could arm people who are maybe going from London down to Cleveland, for example, with a kit — I think we have to. In 1993 we shut down something like 17 of our trade offices. I feel there's a vacuum there. We have pretty well disappeared from the radar screen as an international profile, and just given the amount of foreign investment that's available to us from the United States alone, I think there's an awful lot we can do just hopping over the border, literally in our own backyard. That's the only comment I have on that.

**Mr Wettlaufer:** In the years I was a small businessman back in Kitchener it was necessary to research other businesses to know about them because of my dealings with them. My riding had a number of businesses that were associated with older industry, ie, furniture, automotive. Unfortunately the automotive industry they were involved in was the type that was falling by the wayside and they were not farsighted enough to get involved in the modern automotive sector. We have the meat-packing sector in Kitchener as well and we've recently lost about 400 jobs in that sector.

I think the announcement yesterday of Market Ontario was very beneficial because it provided us with an opportunity, in my city of Kitchener, to recognize the modern industries we should be trying to attract in that community: aerospace, agri-food, biomedical, automotive, forest products, information technology, machinery, mineral development, plastics and chemicals. I certainly will be talking with business development people back in my riding to discuss these with them.

I hear members of the opposition or the third party talking about bankruptcies being up, and of course they're up. They have to do with the negative business strategies employed for the five years prior to our government coming on the scene. The other parties don't seem to understand the realities of business, that negative policies have an immediate impact on business, but they also have very far-reaching effects on business. Positive actions by a government take many years to realize any positive feedback. Investment produces results, but that sometimes takes a long time.

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For instance, in the last 10 years — this was quoted in the news media today — Canada has gone from 11.3% of the world's foreign investment to 4.6%. An increase of only 2% represents some 235,000 jobs. I think people who are employed and collecting paycheques today don't really care whether foreign companies or Canadian companies are paying them as long as they have a job. But previous governments did everything they could, through a lack of awareness of business, to discourage foreign investment in this country, and in this province in particular.

I would like to compliment the ministry on the Market Ontario launch yesterday. I think it is very positive. We need it as a government; we need it as a province. People are going to have jobs as a result, albeit they won't be felt immediately, but certainly will be over the course of the next four to five years.

**Mr Spina:** Thank you, Mr Wettlaufer. Those are encouraging comments. I want to share something with the member for Sault Ste Marie that perhaps they could have a look at without dumping on them. There has been restructuring taking place in some of the communities, and I think your Kitchener-Waterloo area is a good example of that restructuring process. The region has become known as Canada's technology triangle as a result of the thriving information technology sector that's been supported by your universities. But despite some of the layoffs you mention, there has been some new investment.

Glegg Water Conditioning recently undertook a \$1.5-million expansion, 50 to 75 people. Companies in more traditional industries — Linamar, Skyjack and Hammond — are growing, adding new jobs. I think that's part of the more positive environment.

By the way, just a personal note: The owner of Skyjack happens to be a neighbour. We're trying to convince him to come back to Brampton because that's where he started out.

**Mr Wettlaufer:** We need him in Kitchener, thank you very much.

**Mrs Brenda Elliott (Guelph):** Those are Guelph companies. All those companies are Guelph companies.

**Mr Spina:** The important thing is that these jobs and these businesses are here in Ontario, and the competition between the municipalities I think is good. All the communities are beginning now to get on board the bandwagon with respect to economic development and searching out these multiple partnerships between the province and various private sector and foreign investors. The marketing of their communities as good, positive, viable economic environments for business development and growth is the objective we all should have in mind.

Guelph Tool and Die has added to its facilities and expended \$600,000. Thank you, Mrs Elliott.

**Mr Curling:** I just want to follow up on some of the things I've been hearing. Let's talk about economics and people. When I look at the estimates and I look at this government, I get a funny feeling that there is no sort of personality there, that there are no human expressions. I hear "layoffs" and "downsizing" and I hear a government that is run by a 1-800 number. When you phone it you're put on hold or you don't get through. Somehow people who want those resources are not utilized properly.

How many jobs have been laid off in the public sector so far? How many people have been given notice and how many are out of jobs and how many people would be what they would call buyouts? Do you have any figures like that at all? I wonder what we are going to do with those resources. They're going to try to find jobs within the private sector after they leave, and the private sector is downsizing because of technology.

I read a line here in your marketing strategy, "As the Premier stated, we are going to market Ontario to the world as a great place to live, work, visit, invest and do business, and the bottom line is jobs." But you're laying off a number of civil servants who are quite competent and the private sector is having a field day downsizing too. Your expression is "Doing more for less," meaning that they will find their way into the system somehow. I hear stories of people coming to my constituency office saying: "I'm going to get my pink slip. I live in fear." How can you run an economy under this fear? When you try to get in touch with one of what I call the most endangered species, ministers, you can't find them anywhere. They don't turn up for anything. "Ministers, when you want to discuss and talk with them," my constituents say, "don't turn up."

People want to know where the government is going to go and what they are doing: "Why are they laying us off?" Why are they spinning, "We're going to create jobs"? One minute you say you're going to create 100,000 jobs, then you lay off 150,000 people. I'm saying that sometimes the people you're laying off are far more than the jobs you are creating. Could you respond to that? I have a great concern about how this government is going. I want to put a face to them.

**Mr Spina:** The reality is that with the initiatives we began, Mr Curling, in putting a positive economic environment in place we have to get, first of all, our deficit under control. I don't think there's any argument on that.

**Mr Curling:** There are arguments, of course.

**Mr Spina:** The human side of that is something we never made a secret of, that we were looking to downsize

the public service by I think 13,000 employees over a three-year period. In the first round of public service cuts we announced last year, about 1,100 of those jobs were positions that weren't even filled, for starters. Beyond that we have to look at the real figures that have occurred over the past 12 months. The reality is that we have increased the net number of jobs in this province by 78,000. That's been a realistic employment change and that's a net figure, not a gross figure.

Sure, the opposition, your party and Mr Martin's party, will always bring forward the numbers of people that have been laid off, lost their jobs and so forth. That, of course, is a realistic figure.

**Mr Curling:** What was the size of your ministry when you took it over and what is it now? Is there less personnel in your ministry now?

**Mr Spina:** Yes.

**Mr Curling:** So why are you telling me that we're coming with negative things when you're saying you have laid off these people? They are out of jobs now. You say you didn't fill them because they are gone, that these jobs are not filled.

**Mr Spina:** I'm talking about the broader public service.

**Mr Curling:** I want to go back to the individual, though, not the broader — when you do that we get lost.

**Mr Spina:** Within our ministry the 1995-96 number was 1,126. In 1996-97, by the time we complete the implementation of our reduction program, there will be 765, a reduction of 32%.

**Mr Curling:** So it's not something I'm making up in my mind, then.

**Mr Spina:** No.

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**Mr Curling:** They will be lost. There will be people out of a job.

**Mr Spina:** Yes.

**Mr Curling:** There will be people who won't be able to send their kids to school because they aren't getting a paycheque any more.

**Mr Spina:** That's purely speculation on your part.

**Mr Curling:** Well, there aren't any jobs they're going to get any money from.

**Mr Spina:** First of all, they're not paying for school, so far.

**Mr Curling:** No. Out of their pockets they will have to pay school fees, and they will be out, if you want to call it that, university tuition fees and all that.

Let me go to another aspect of it, because we have a short time. One of the first groups of people your government beat up on when it came in was the people who are at subsistence, on welfare. They produce too. Today they are finding it extremely difficult. You say there are more jobs for them, but these people are having an extremely difficult time. I call them human resources too. Many are qualified. They can't get a job. Some of them are just finding it tougher because you have created more mountains before them.

Another area too is I heard your Minister of Culture in the House today, whom you should be getting at very quickly because, regarding access to trades and professions, there are qualified people in our province who



can't access jobs because you wouldn't deal with the situation of having them qualified and assessed properly.

**Mr Spina:** They're in place.

**Mr Curling:** I beg your pardon?

**Mr Spina:** Go ahead and ask your question.

**Mr Curling:** I'm saying I thought you were right on target because of the fact that there are engineers, doctors, nurses, many qualified people who can't access the workplace because of discrimination or impediments because they're not professionally assessed. Are you aware of those things, that they can't access trades and professions?

**Mr Spina:** Under the existing legislation obviously it's illegal for them to be discriminated against.

**Mr Curling:** That's what I thought too, but the fact is that we have people who have qualifications who are being resisted access constantly as to professional organizations, which the government can deal with, can make sure these assessments and evaluations are done efficiently, quickly, so that these resources, these people we have can access the workforce and contribute to the economy.

**Mr Spina:** But the first goal is to create the jobs for these people to go to, and that's the objective.

**Mr Curling:** Oh, I see. So you keep them out in the meantime, while they're qualified?

**Mr Spina:** What would you propose in the interim, that we hire people just to pay them some money?

**Mr Curling:** No, I didn't say to hire them.

**Mr Spina:** I'm trying to understand what your objective is.

**Mr Curling:** My objective is that there are many professionals who are in this province right now who, maybe because they are not trained in Ontario, are not able to practise their own profession and maybe create their own jobs. But again, they are not certified. You should be pressing your Minister of Citizenship, Culture and Recreation, saying, "Listen, there are professionals here who would like to access the workforce, but because of restrictions on access to their profession because of how we evaluate these people, they can't come into that workforce."

**Mr Spina:** I take task with your comment that we, and I'm presuming the "we" is the government —

**Mr Curling:** Definitely. Didn't you know that? They have elected you.

**Mr Spina:** — are putting a restriction on these people? I hardly think that's the case. I'm going beyond MEDT here because the reality is that there is a highly funded LTAB program under the Ministry of Education and Training, whose objective and focus and scope is to match professions with job opportunities.

**Mr Curling:** Will you allow me to send you some of the résumés of people who are quite qualified and the government has not moved to have these professionals get the certification and access the profession? Will you allow me to send you some of those résumés? Hundreds of them are in this province today, but the government has dragged its feet, all governments, the NDP, the Liberals, the Conservatives. I'm saying this is wasting resources in our society.

**Mr Spina:** Part of the education program I spoke about with respect to small business is to increase and

enhance the training element of small business people so that as business owners they can —

**Mr Curling:** They don't want to be trained any more.

**Mr Spina:** No, not the employees; I'm talking about the business owners, because the business owners are the ones who will provide the opportunity for these qualified people to find positions.

But to address the other element, you alluded to the welfare situation, and I know you alluded also to the workfare program. In the region of Peel, for example, the reality is that we developed a program which was public and private sector together, partnership.

The element of that program was this: There were two parts to it. The normal public perception of workfare is that people who are on welfare are going to get out there and do community work. That's only one element of it. The stage before that is this: We have 30 private sector employment agencies in the region of Peel that have jumped on board in this program. The social services department identified 800 able-bodied workers looking, ready and willing to work. These agencies came to the region and said, "Look, we have 1,400 available jobs that we can't fill." They have taken the responsibility of matching the jobs with the people's skills.

That's an example of a pilot project in this province that is creating jobs, that is taking people off welfare, and it is going to be getting them gainfully employed. That's a clear example of a positive initiative of this government for job creation.

**Mr Martin:** I know that you and the members of your party honestly believe that what you're doing is going to make us all better off in the long run. I know you believe that. The question I have is, what if you're wrong? What if your suppositions are wrong and it becomes obvious to you that we are going down a path that's going to be overall detrimental to the health of the province, from a health care perspective, from an education perspective, from an economic perspective? What if it all starts to unfold that way? At what point do you decide that what you're doing is really counterproductive and it's not making this a better place to live, a better place to do business in?

I look around. I know you read what supports your position. You use the stats and figures that indicate that what you're doing is making things better. I hope you would think it was okay for me to also, on the other hand, look at the indicators that are telling me that maybe something — that's my job here, if for no other reason except that it's that. But I come at this from a different perspective.

You have people saying things like "Ernie Eves's Talk of Ontario Boom is Trash." He talks here about, "Ontario's jobless rate climbed to an unacceptable 9.5% in June, up from 9.1% in May." We know that the last figure for the unemployment rate was at 10%. In that respect, it's growing.

We have other headlines: "Harris is Making us Alabama of the North." The one that I guess concerns me the most, because of where I come from, is this issue of poverty: "Bishops Accuse Ottawa and Provinces of Child Abuse." There is the stat I shared with you just a few minutes ago re bankruptcies. It may be okay to just write

it off as a consequence of the last five or 10 years, but the fact is that we are getting record bankruptcies a year and a half into your mandate. Some of it has to flow over into your ballpark.

**1650**

I want to give some kudos, however, here re the initiative on Monday. I think it's absolutely essential that we market Ontario and that we let the world know what we have to offer and that we really try to attract businesses to come and invest here. We were doing that. You'll have to admit that what you did Monday was an add-on to what we had already established as government. Some of the infrastructure upon which the Market Ontario program is based was built on a program we had put in place as a government. In fact the vision of Ontario that you're out there marketing is not the same vision that was there when we were out there marketing; the vision of Ontario that you're out there marketing is a bit of a misnomer.

You're marketing an Ontario that has a first-class health care system that is actually a net gain to investors. When somebody comes to invest in Ontario, the health care system we have in place allows them to have a lower cost of health care for their employees. That's disappearing. You're changing that to be more like the American health care system, which a lot of investors want to get out of or move away from and is the reason they would come to Canada in the first place.

It's based on a vision of Ontario that has the best educational opportunities for its people, that's ready and willing to provide a highly trained and motivated workforce.

You're marketing an Ontario that is investing heavily in infrastructure, something that all business needs: good roads, good water and sewer systems, good sources of power and energy. With every day that goes by and the decisions your government makes, a lot of that is disappearing, and the upheaval that is happening out there I think is an indication that this in fact is what's happening.

People invest in a jurisdiction not because regulations are lower, not because people are willing to work for very minimal wages and not because they can take the resource of an area at will, but they come into an area and are attracted traditionally to Ontario for investment because we have a first-class health care system, a first-class education system and good infrastructure. Anything you do to take away from that makes us less attractive.

I look at an article here that talks, for example, about the reason a fellow named David Packard, cofounder with Bill Hewlett of Hewlett-Packard, invests in a particular jurisdiction. He says, "Through the years, we have chosen sites that are close to good universities and airports, that provide a supply of skilled workers, that have strong environmental standards and that are attractive places to live and to work." That is what Ontario is, what Ontario has been built to be. I just warn you, as a government, to be careful you don't do anything that will diminish that or take away from that.

**Mr Rollins:** We might make it too good.

**Mr Martin:** The indicators I'm looking at now would suggest you're not going to do that, that you're going to take away and make it less attractive.

Joe, you mentioned some of the work that's going on around the Kitchener-Waterloo area by way of new industries. In Sault Ste Marie, we got together as a group to look at what the future might be for our area. We looked at what was there and what we could build on. Certainly Algoma Steel and St Marys Paper and ACR are industries that have a minimal horizon unless some major investment is made in new technology, and those companies are doing that.

But we thought, even above and beyond that, that we could build on the fact that we have the Ontario Forest Research Institute there. We had more scientists per capita in the small town of Sault Ste Marie than anywhere in North America at one point in time. That's not there any more. Your government has effectively gutted that operation. That is no longer a factor in what we might build on to develop a future for Sault Ste Marie and Algoma and that part of our province.

I mentioned the Ontario Lottery Corp before. We saw the lottery corporation as an example of how a high-tech industry, which the lottery corporation is by way of the technology it uses, could locate in a place as far away from Toronto as Sault Ste Marie. Because it was able to operate effectively and generate a healthy profit and be successful, maybe other operations of its sort would choose to locate there. As a matter of fact, the reason, as I said before, the lottery corporation was moved to Sault Ste. Marie in the first place was twofold: (1) that it could be done, the technology was there to do it, and (2) it was the economic stimulus it would be and create for our particular piece of northern Ontario at a time when we were really struggling, in the early 1980s, with the downsizing.

Algoma Steel went from about 12,000 workers to about 6,000 workers from about 1979 to about 1982, and the lottery corporation was moved up there to become the new foundation from which we might launch out into some other things we might do as a community, to take advantage of some of the new technologies and do exactly what Joe is suggesting we do, which is happening, as you suggest, in the Waterloo-Kitchener area. But if you take that away from us now, if this external review says to you that it is more profitable on bottom-line consideration only, not considering the impact this has on the larger area and some of the other businesses and industries that have established there because the lottery corporation is there, if, bottom-line, your external review shows a break-even or even a gain by turning that operation over to the private sector, we will lose that too.

Yes, it is important to be looking at ways to change the system to making Ontario a more competitive place and to be marketing it, but if at the same time you're diminishing what makes it attractive in the first place, if you're cutting away at that which we could build a future on, it becomes counterproductive.

Do you have any benchmarks? Do you have any blueprint you're looking at that tells you when what you're doing has become counterproductive? At what point do you become concerned about a rise in unemployment? At what point do you become concerned about a rise in the number of bankruptcies and the rise in some of the social disease that is beginning to raise its head in various parts of the province? At what point, because of



that, do you perhaps begin to make some decisions that, in some humility, perhaps would cause you to say, "Maybe we were wrong," that maybe the tax break, for example, is wrong at this particular point? Maybe five or 10 years down the road it makes sense but not now.

Is there anything you're looking at, any benchmarks you have in place, any blueprint that would run up red flags for you regarding this whole question?

**Mr Grimmett:** At the outset and at the end, Mr Martin, you indicated that your question really was, what do we as a government do if we find out that our approach, our general strategy, is wrong? At this stage, I have to tell you that during the time prior to my running for election I think we had a demonstration of how not to run a government. We had that demonstration by the previous government, really by governments in Canada and in Ontario for some time, of how to not operate a government in a businesslike way. We saw governments that continued to rely on deficit spending that could not sustain itself.

**Mr Martin:** But now you have the controls in your hands.

**Mr Grimmett:** We now are in charge, that's right. We have a strategy, and our strategy is that first of all we get our house in order. We balance our budgets. We bring an end to ever-increasing deficits that could not sustain the kinds of services that people in Ontario demand from the government. Our strategy is that we identify the core services that government is supposed to provide. We think we have done that. We think that generally, on most of those issues, all three parties agree. There are certain things that people in Ontario value the most in terms of services the government provides, and we feel that the public supports us on the idea of analysing how we provide those services and making sure we provide them in the most effective and efficient way.

1700

When it comes to knowing whether we're on the right track and whether our approach is the appropriate one, we do pay attention to information that we receive on bankruptcies, we do pay attention to information we receive on how the various issues in society are from day to day. But we also rely, in the case of many of us, on our experience in business, our experience in the marketplace. All of those experiences that I have had suggest to me the idea of making sure you don't spend more money than you bring in. Very basic business instincts, very basic business rules, must apply. We must have a businesslike government.

We are receiving indications from a variety of parties throughout Ontario and throughout Canada that we're on the right track. We have received assurances from, for example, the Conference Board of Canada, which has projected that for 1997 we will create 159,000 net new jobs in Ontario, that our real GDP growth will be ahead of all other G-7 countries, at about 3.2% annually. We've received similar assurances from the Royal Bank and the CIBC, from their economic departments. We certainly pay attention to this information, but at this time we have every assurance that we're headed in the right direction.

**The Chair:** With that positive forecast, Mrs Elliott?

**Mrs Elliott:** I was going to sit quietly, as I'm new to the committee, just to hear what people were saying, but

I couldn't remain silent when I heard Mr Spina mention several businesses from my own city of Guelph: Glegg Water Conditioning, Skyjack, Linamar. These are companies in Guelph that are not only famous in our city but are internationally famous. I could add lots more: Kenhar, Guelph Tool and Die was mentioned, Engel, Sihi Pumps. Many of them have international connections as well.

One of the first things I did when I became a new member was to make a point of going around to visit each one of those businesses individually, to spend some time with the owners of the business, to spend time with the staffs there, to find out what they wanted from our new government. The message I heard — and I think this speaks back to what Mr Curling was saying about the human element — loudly and clearly was, "Let us do our job."

I've been back to see many of them since that first visit, and their message, without hesitation, is that our government is on the right track, that we are doing exactly what they want us to do. They want us to keep our standards high. That encourages businesses that are developing green industries, for instance, because they can work from those performances to develop new technologies and work to new performance-based measures. They very much want to spend their time doing business, not filling out unnecessary paperwork. They are very clear on that.

As I said, companies like Engel, companies like Sihi Pumps are international companies that are competing all the time with their confrères around the world as to where the next plant will be developed. It's very important to them that their tax bases are level. It's absolutely vital for them to go to their parent company board of directors and say: "We want the next business in Guelph. We want the next business in" wherever in Ontario. The only way they can do that is by example, and it has to be by the kind of level playing field that we've been able to establish.

I'd like to tell you a couple of stories that I found very interesting. A constituent came into my office, who was a general manager of a very large corporation which was a subcompany from an American firm, and said to me, "Brenda, is the government giving out any grants right now to business?" And he smiled. I struggled for a few minutes, and I thought: "What answer does he want to hear? No, we're not giving out any grants, but I don't want to discourage this man" because he was looking to establish a second company from this larger parent company in Guelph. I honestly said, "Well, no, we are not giving out any grants," and his response was: "Good. That's exactly what I want to hear. I can sell Guelph, I can sell Ontario, any time. What I need to know is what is not available and what is available. If that's the case, no problem."

I hadn't talked to him for a little while, but I just got a note in the mail saying the new plant is going to be built in Guelph. It was done without government grants. That tells me that in the whole picture of what a company looks for — infrastructure, health care, education, all of those kinds of things — those companies are very confident that we are providing that whole package which is so essential when you're looking to a competitor.

There are other things too. Some of these key companies — with Linamar, for instance, I think the owner, Frank Hasenfratz, has been Canadian entrepreneur of the year at least a couple of times, if not more. Bill Harrison has won international awards for his entrepreneurship. The companies these men operate are non-unionized shops, and when you walk into their businesses the first thing you feel is the excitement of the employees, who feel genuinely part of the business and they know that their ideas, their creative ways of making the business operate better, are listened to.

Sihi Pumps is a perfect example, where those employees very much feel part of the business. I can remember Wolf Haessler taking me through Skyjack when the election was just won, talking about the equal opportunity legislation. He said to me: "Take a look around, Brenda. You will see that we have disabled people, we have a wide ethnic mix. That's because our company is concerned about the kind of people we employ." The investment that each of those people feels, personally and financially, is quite palpable, and it really does work for them.

There are many ways to look at the human element. These people recognize what a good employer is, and they also recognize that that good employer requires a very broad, solid concept of what economic development for the province as a whole is all about.

There's another thing I might mention which I thought was interesting. I was recently asked to go to dinner. It was a 50th anniversary party put on by two companies in Guelph who had been doing business together for 50 years. They've developed this kind of symbiotic partnership. One company developed a trucking mechanism that suited the other company, which had a very difficult product to carry. It was Armtec, which makes huge, big metal pipes, and the transport company was MacKinnon Transport. They developed the technology to be able to work together in an ongoing relationship that's gone for 50 years. I've never seen a business co-exist in quite the same way. The gathering they had a couple of weeks ago was fascinating, because these people, even though they had every opportunity to find other competitors to provide different prices or whatever — they were there because they had been able to use their creativity. The employees had wonderful working relationships. They had been able, together, to find new ways to continually improve their operations together to compete in the global marketplace. And these are both international companies.

While we're probably very lucky in the Guelph-Kitchener area in that we have such a marvellous access to a large market, and it is an international market and no doubt that's considered as part of why people would choose to come there, geography aside, I think these people would not be coming unless they felt that Ontario and our government's policies of considering the economic package as a whole — taxes again, health care, the regulatory burden. Every dollar that doesn't have to be spent doing extra paperwork is money that each of these people can invest in their business and can then again employ new people.

1710

One thing I was wondering as I was listening here. It did occur to me that some of the businesses that could be

really helped a lot are the small to medium-sized businesses that are just nicely getting started. I wondered if the ministry had ever or was considering any kind of mentoring kind of program. I know all the industries have associations, but it's occurred to me that after seeing this one cooperative kind of venture, there might be a possibility for large companies in a certain industry to be helping smaller companies. I wondered if the ministry had ever considered that or if there was ever anything in place to facilitate that.

**Mr Grimmett:** Mr Spina's the expert in that area. I'll let him handle that question.

**Mr Spina:** There are a couple of programs that try to foster the mentoring process. We have the wisdom exchange which takes place within the ministry. It has a couple of seminars a year that are developed and created. The agendas are developed usually by the partners, the companies. The province, the ministry, acts basically as a facilitator. On average we've been getting about 200 to 250 at each of these wisdom exchanges. They are funded marvellously by the private sector sponsors, who obviously are interested, because this is a target market they want to be able to reach. The participants at this one-day session set the agenda by sending in the topics they're interested in having. Whether it's enhanced distribution systems, export markets, whatever, they set the agenda and then we bring in people who can lead the seminars.

The beauty of this is that these people come away from this not just with the information but also with a network of other businesses that are complementary to them. Many partnerships have been struck in terms of business partnerships, not formally but client-customer kinds of relationships. They have also developed relationships where they act as mentors to each other. One may be more well versed in international exporting or with a particular export market, as an example, and another company chooses to team up with them to gain that knowledge.

We have them at various places. There's one coming up in early December in Ottawa, for example, which we call wisdom exchange east.

One of the other elements is through the self-help offices across the province. We're trying to change the scope of those offices to be more enterprise-type centres for smaller businesses, not just for startup but also for young businesses. With those multiple partnerships within the community, as we've already seen in places like London, Hamilton, Ottawa — Thunder Bay is expanding its program; the Sault incidentally is expanding its program to bring in partners — businesses can share with each other, but they can also develop that mentorship program.

So there are some programs which admittedly are not brand-new ideas created by our government, but they are good programs that at least have a foundation. What we're trying to do now is enhance them, refine them and at the same time deliver them more efficiently from our government's point of view by bringing in the multiple partnerships and the private sector partners.

**Mr Rollins:** One of the things I want to ask one of the parliamentary assistants is that we have developed over the last few years quite an extensive growth of parks, and



we have started to readjust our thinking along the lines of the parks. Are there any partnerships that we're slowly getting into that you can let us know about, or is that something the minister is sitting with? What's the development of those parks in that process, along that line? I know we're not building new ones, but are we fostering some partnerships with private enterprise?

**Mr Grimmett:** The question is a very appropriate one. We, as a government, since we came into power, have examined the situation with all of the parks that we either fund fully or fund in some degree. With some of the partnerships that we have already, for example with the Niagara Parks Commission, we don't actually use Ontario government funding. They are partners of ours. They are able to operate in a self-sustaining fashion.

That is the model we would like to see developed with most of the partners we have in a funding situation. We are encouraging all of the partners we have to explore options in their local area, to develop partnerships with either private sector or with other public sector operators, and we're seeing those start to develop. We see that very much as the direction we're headed in. Out your way in eastern Ontario, we're also encouraging our partners there to develop partnerships with the private sector. Most of these initiatives should be locally driven because there will be different tourist attractions in different parts of the province that will dictate how such partnerships can be established.

**Mr Cleary:** I questioned the minister a bit earlier on this but I didn't get an answer that I felt was satisfactory, and since that there have been letters to the editor on a few things, comments in the paper. That's the Ontario Tourism Council where about 1,000 partners, many of them volunteers, community leaders, service clubs and businesses had worked together to develop a plan and then when that was presented to the minister, he turned his back on them and said it wasn't satisfactory. I wonder if there has been any reconsideration of this, because it sure upset a lot of volunteers.

**Mr Grimmett:** I had the opportunity to work with many of the people who were involved in the Ontario Tourism Council's research of and contemplation of the options that might be put before the minister. As you might recall, the previous government set up the Ontario Tourism Council and gave it a mandate to consult with the industry and come back to the previous government and make recommendations on how to market Ontario.

Those recommendations were fully researched. You're absolutely right that there was an awful lot of volunteer time put in by people like Michael Beckley, who is a very busy man. In fact, all of the people on the task force were very busy people who took an awful lot of their own time and put it in on a volunteer basis. They consulted widely with the industry. Certainly in my discussions with the industry there's a widespread respect for the work that was done. They finally came to the minister with a recommendation that we develop an arm's-length body, and the minister made the decision that we could not give up complete control of the marketing budget. It was a responsibility of our government that we market Ontario internationally.

The minister instead continues to work with the people who sat on the Ontario Tourism Council and all people

in the industry and he has now formed a tourism marketing task force. That task force, the members of which have recently been announced, will develop a multi-year strategic marketing plan for tourism. We're going to be very aggressive in taking the advice from that task force to try and leverage more dollars from the private sector. We see the private sector as being quite willing to participate in marketing plans, providing some of their advice is taken by the government.

I'm confident from my discussions with the private sector operators in the tourism industry that they see this as an opportunity for them to have real input into how our government uses both public and private partner dollars to better market Ontario. We have certain markets that we want to target. I think the private sector can give us very good advice on how to market in those target areas. One of them that I'm sure you're quite aware of is Germany. It's one of Ontario's primary tourism markets.

We know from the work the ministry has done in analysing tourism results from past years that if we can get into certain markets and those people come to Ontario, those tourists spend more dollars in Ontario than domestic tourists or tourists from other jurisdictions. So we want to market in a more effective way in those jurisdictions, and we are quite confident that the people who are going to make up the advisory task force for the minister are going to be able to help us to better use public dollars, to partner with the Canadian Tourism Commission and put our dollars to good use in those target markets. We're quite confident we're headed in the right direction in that regard.

1720

**Mr Cleary:** How long is this going to take? You said you have a committee at work right now.

**Mr Grimmett:** This group is together now and we're hoping they will come back with recommendations very soon for the 1997 tourism year. It is an ambitious task, but we're quite confident that some of the decisions that are going to be made for the 1997 tourism year will be the result of consultations, and they will be much more helpful with regard to designing a five-year plan for the ministry. I would think the real impact of their recommendations will start to show up in the 1997-98 fiscal year.

**Mr Cleary:** You have mentioned German tourism. I know there's a company right now that's looking at Ontario to invest a substantial amount in a tour boat industry there. I passed on the information to them that the minister gave me. It didn't seem to satisfy them, but they're still working and hoping to put something together. They have a few representatives in eastern Ontario who are working very hard and have been working very hard on that. So I don't know where it stands right now. They're talking about putting four tour boats in Ontario.

**Mr Grimmett:** We're always interested in hearing of these initiatives and we have people both in the field in eastern Ontario and present here today who very much want to see that information so they can pursue this initiative. We want the international tourist industry to invest in Ontario. We want to encourage them to come here and invest in those kinds of projects. Those kinds of

tour boat initiatives, we know from past experience, will help to spin off other benefits to the tourism industry in Ontario. So by all means, Mr Cleary, if you have information on that, bring it to my attention and the people who are here I'm sure will want to follow up on that.

**Mr Cleary:** I passed the message back that the minister gave to the people concerned and I understood that they were going to contact — I had a book with names and I understood that they were going to make the contacts.

**Mr Grimmett:** Good.

**Mr Cleary:** I want to talk a little bit about the St Lawrence Parks Commission. It was touched on a bit earlier. There have been business plans sent to the ministry, and the municipality's been interested. They've been trying to get a meeting with the minister for a long period of time and I understand that in the last couple of weeks some representatives from the ministry had been in eastern Ontario walking the sites.

I just wondered if there's any information you wanted to share with us on that. The one park had been closed and the picnic tables have been used for the smugglers there to dock their boats on — they've been floating. I would hope that would come to an end and something would happen. There's municipal interest, there's private interest, there's everything, but it seems to be going very slowly.

**Mr Grimmett:** I have had some discussions myself with some of the people from the St Lawrence Parks Commission. I know the minister has also met with them and I believe he's been to the site himself. People from the ministry have reviewed their recommendations and they have hired a consultant in the past who has made many recommendations, including a five-year projection on a corporate plan.

As I've said before, and as the minister has said to this committee earlier, the operations of all government agencies, including the St Lawrence Parks Commission, are being reviewed with the aim of making them more self-financing. As you're aware, the St Lawrence Parks Commission has a high amount of annual subsidy from the provincial government, and they have been quite helpful in terms of reviewing with our ministry strategies to try to make their operations more self-sustaining.

The corporate plan that they have brought to us most recently respects the direction that our government is taking to reduce expenditures and, in fact, they're coping with the reduction by the provincial government of \$2 million in transfer payments for this year. We, as a ministry, will be considering the remaining four years of the corporate plan in the context of our broader program review. The review is expected to begin later this fall. We're going to consider alternative ways of delivering their programs and services, including potential private sector investments and partnerships that they are exploring.

**Mr Cleary:** So the one partnership that several groups got together there — I don't know, I don't have it with me, but I gave it to the ministry the last time. They said they didn't have it. I guess it maybe went to education and training rather than tourism. Anyway, they're still interested and I don't know when they reviewed the plan,

the minister of tourism or whoever did, what their comments were on it.

**Mr Grimmett:** They have developed a number of options that they're pursuing, including some possible partnerships with municipalities. I know on a weekly basis there are discussions between people from the ministry and people from St Lawrence Parks where they're looking at the various options available to them. The ones with the municipalities are particularly encouraging because again this is a locally driven solution, it's one that the local community will benefit from and that the local community will feel good about because they've developed it themselves.

Those are the kinds of partnerships that we're encouraging our partners, particularly St Lawrence Parks, to develop, and we look forward to hearing from you. I know you've been quite interested in this issue, and I note that ever since 1990 you've been working quite closely with the government of the day to make sure that this operation continues.

**Mr Cleary:** Almost had her once there. Anyway, would that be the Charlottenburgh park you'd be talking about right now?

**Mr Grimmett:** That's one of them, but I understand they're looking at other partnerships as well.

**Mr Cleary:** There are the three of them there, and I know there's interest in them all. As you know, with the government restructuring there are bigger partners there now. Municipalities have put their proposals in where they're amalgamating and going together, so that I would think there could be something done, but I was very disappointed that the minister never had time to meet with municipal council there, which would have come here at any time to do that. They never had that luxury though.

The other thing I was just wondering, the new ventures program was very successful in our part of Ontario and the government never lost money because it was just a loan guarantee. Is there anything like that in the making with your government or is that all dead?

**Mr Spina:** I can address that. No, it's not dead, Mr Cleary. The new ventures program was frozen, but right now — and I was just looking for the exact numbers because I know the Royal Bank is very much involved in the program. Here we are. We've reviewed new ventures and the youth ventures programs, and those were terminated in April 1996. The student ventures program, as you know, was offered this summer, and 412 new businesses were started with loans of about \$1.14 million.

The current status is that Minister Johnson terminated all the ventures programs except the student one which, as you know, operated, but they guaranteed loans of up to \$15,000 delivered by banks and other financial institutions. Those are guaranteed 100% by the government and up to 50% of the bank's portfolio of these loans was protected by the guarantee.

1730

**The Chair:** I have to cut you there because it's almost the end of the day and Mr Martin still has time.

**Mr Spina:** In any case, right now the officials are in preliminary discussion with the banks and other institutions to redesign these programs for startup businesses.



**Mr Martin:** I want to return to the issue of allowing the free market system to take over and this notion that the private sector does it better than the public sector and the bigger question of the impact of that on all the people who live in a particular jurisdiction. I think I've said this before, but in my estimation, an economy needs to work for everybody, not just for the few at the top. I'd also like to, if I can, root what I'm saying into some practical experience, particularly in my own home town, Joe's old home town.

In Sault Ste Marie right now we have two franchisees, Loeb grocery stores, that are in a life-and-death struggle — and that's no exaggeration — with their parent the franchiser, Provigo out of Montreal. As we sit here right now, they're sitting behind security guards in their store to make sure that Provigo doesn't come in and change the locks on them.

We're not talking about fly-by-night, irresponsible operators here. We're talking about one guy who's been in the business for about 25 years now. He had a store in Blind River. He wanted to move up so he got a chance to come into the Sault and he built a store from scratch there and made it one of the best stores in town. He's by far and away an example of what it means to be a good corporate citizen par excellence, and also a good employer; and the same thing with the other gentleman who is under the gun up there right now.

This is an archetypal sort of free market operation. Franchisees are becoming more and more the order of the day. But we see the big guy, because he wants more profit out of the store, now pulling the rug out from underneath two families who have given him literally everything they own, every waking minute of their day, every ounce of their energy over the last 10 to 25 years, depending on the operator. They're not alone. There are about 20 others across the province in the same boat tonight.

That for me is an example of what happens when you have no restrictions, when there is no sense of fair play, when there are no guidelines, when there is no table, for example, where disputes can be arbitrated. They're asking your government, by the way — and I'm working with the Minister of Consumer and Commercial Relations on this — to bring legislation forward real quick so that a dispute mechanism can be in place and some of the other things that need to be done to make this a fairer relationship. We're working on that.

But I just wanted in the context of that to share with you some thoughts and there might be some time at the end for you to respond, and then again there might not be. These are two articles I picked up, written by Richard Gwyn, that talk about the sort of neo-conservative approach to life. The first one goes like this:

"According to the neo-conservatives, the prevailing doctrines of free market and of global free trade and of governments standing back and doing as little as possible — preferably nothing at all — will eventually make everyone richer and happier.

"That this isn't true within each nation-state has long been obvious. In all of them, whether developed ones like the United States, or developing, like China, income gaps are getting wider. In Britain, which has just edged the US

out from the top spot in the international inequality table...income gaps are now wider by some calculations than in some of the world's poorest nations, like Nigeria.

"The whole justification for global free trade, though, is to allow multinational corporations to site their production facilities wherever their goods can be produced most efficiently." And this is what we're buying into as a province. "Since minimal wages (and also lax environmental, health and safety regulations) are the most efficient of all imaginable production circumstances from the viewpoint of any multinational, this ought to mean a progressive redistribution of wealth from high- to low-wage countries.

"Nothing of the sort is happening" — it's like Peter Kormos said during the leadership race of our party, if that kind of environment is what attracts investment and creates wealth and makes for a better standard of living for everybody, then Third World countries would be booming — "or is happening only sporadically, as in parts of southeast Asia. According to the UN's Human Development Report, 89 countries, or almost half of the UN's member-states, are poorer today than a decade ago.

"Overall, the share of total global wealth going to the poorest 20%, or one in five people in the world, has declined from a pathetic 2.3% in 1960 to...1.4% today. Simultaneously, the share going to the richest one in five has soared over the same three decades from 70% to 85%."

By the way, the heading of this article is "Income Gap Swallows Most of Humanity." I'm afraid, and my concern is that we're heading down that road and we'll end up there some day. Maybe not me or you or any of us here, but our children will end up in that circumstance, and that bothers me no end.

Let me go on to the second article here, just take a piece out of it. This is a quote:

"Did you know that:

"Job losses are not the result of some temporary downturn in the economic cycle but are the result of structural change.... The lights are going out for whole categories of employment. We are entering an age of hopelessness, an age of resentment, an age of rage."

"And that:

"The slow distribution of wealth that has occurred over the last centuries is being rapidly reversed.... The disposable income of the majority will be drastically reduced. We are witnessing an expanding underclass."

"And that:

"The big question of the coming decades is how to find a socially acceptable means of dismantling democracy.... Governments chosen by the majority are governments chosen by losers. Democracy will degenerate to being the means of governing the immobile and dependent service workers."

"And that:

"Politicians may promise, but markets decide. Governments are impotent.... The world belongs to the global corporation."

"Now that you know all of this — at least have heard it proclaimed — do you in fact suppose any of it is actually wrong in the sense of it being inaccurate, rather than immoral? Do you doubt all of these forecasts won't

in fact be fulfilled, indeed are already being fulfilled? They most certainly will be unless there's a popular backlash against this kind of future, mobilized by some inspirational new leader and sustained by some new set of socioeconomic ideas about how societies should organize relations among their citizens.

"These alarming forecasts matter because they aren't the products of any paranoid lefty. Instead, their author is a pristine pure neo-conservative," a fellow by the name of Ian Angell.

**Mr Rollins:** Yes, but he has membership in the NDP.

**Mr Martin:** No. "Ian Angell, a professor of information systems at the London School of Economics.... He's one of the few" people, according to Richard Gwyn, "who's truly intellectually honest."

"The neo-cons you keep hearing about — Margaret Thatcher, Conrad Black, Newt Gingrich, David Frum and the rest — all blather on about how the free market and global free trade, minimal taxes and minimal government, will liberate all of us to become freer, richer, more self-reliant, more creative, more responsible.

"It's hard to believe any of them really believe a word they are saying. The consequences of the neo-conservative creed have long been clear. The two most market-oriented Western societies, the US and Britain, are today the most unequal in income terms in the industrial world. Both are more unequal than either have been in the past half-century. In Britain, some statistical measures show incomes may be more unequal now than they were in the middle of the 19th century.

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"Neo-cons like Gingrich and Frum, though, must operate in a political marketplace that's still, sort of, democratic. Persuading voters to vote for their own impoverishment requires the kind of rhetorical skills it takes to persuade turkeys to vote for Christmas.

"Angell is outside of politics. He can afford to be honest."

It goes on to talk about this guy believing in the neo-conservative agenda but also being honest enough to paint the picture as it actually will happen. My question is — I don't even know whether I've got a question.

**Mr Grimmett:** Now there's intellectual honesty.

**Mr Martin:** As I said before my last round, you folks really, honestly believe that what you're doing is right and in the best interests. When you read this kind of stuff and you look at the statistics that are being pointed to, doesn't that worry you? Doesn't that concern you at all? How do you respond to that, either one of you?

**Mr Spina:** I'd be happy to. First of all, even though he claims that he follows a professor's comments, you're still looking at the opinion of a journalist. I place less value on that than a lot of others. You have to look at the fundamental philosophy, I guess, of western versus other governments, North American. Fundamentally, I think if you look at all the Third World countries you referred to, they are government-dominated. If you want a clear-cut example, historically, of governments that tried to develop an equalized income system, it was the Soviet Union and it didn't work. They fought to keep that system in place for 70 years and it didn't work. It finally crumbled down around them. The reality is that now

Russia is beginning to emerge as a country that is able to participate in the real, not the phoney, global economy.

You have inequality in income in a capitalistic society. That's the whole, fundamental premise. But I would pose this question to any of the economists over the years, particularly since the Second World War, and it's this: Was there a large underlying lower-income class through the 1950s and 1960s when we were in a booming North American economy? Not much. It was there, but not much. When did it begin to surface in a very hard, realistic way? In the last 15 to 20 years, as social systems began to command a greater portion of government dollars, as governments began to interfere in the free market process, as unions began to dominate in the role they played in the operations of business. Unquestionably unions had a role to play in industry, particularly for the protection of workers in many ways. But the reality is that they really severely impinged upon the free market's ability to provide prosperity for all the people within that environment.

I'm going to refer to a comment that you made earlier about the franchise situation. We are looking to restart and change the franchising structure. We cannot interfere with the Loeb situation because it is a contractual dispute that is in the court right now. I respect the comments you made on that one, Tony, but we are looking forward to changing the franchise agreements.

**Mr Jim Brown (Scarborough West):** One of the biggest impediments to the development of small business is sources of capital. In the United States there are 20,000 competing banks, and they have 10 times the population we do, so theoretically we ought to have 2,000 competing banks. We have six. I know from my own experience with friends with small businesses that they get beat up bad by the demands of their banks for overcollateralization, five times what people's lines of credits are, and paperwork that requires full-time accountants, maybe more than one, just because of the needs of the bureaucrats in the bank. Small business creates about 85% to 90% of all new jobs, and Canadians have a lot of money. Ontarians salt money away and don't put it towards job creation.

What do we do with those banks that are monopolistic gougers and controlled by the federal government through the Bank Act? I'm wondering just what we can do to help the small guys create jobs by affording them access to capital. In a big company like Algoma it probably costs \$100,000 of capital to create one job, yet in a small company you probably create three or four jobs for \$10,000. The usefulness of capital for small guys is many times that for big guys. You know there's only one way for the small guy to go, and that's up, and he's going to employ more and more. The other thing is that usually the small guy is a Canadian, an Ontarian, and he's probably going to stay here, his roots are here, whereas the big guy can come and go depending upon which economy is better.

What I'm saying is, how do we get money to these small guys? How can we take the thing into our own hands and take it away? The banks are just terrible. They're awful. They'd rather loan money offshore, where there are fewer regulations and they don't have to



conform to the regulations, than loan it to a small Canadian entrepreneur.

**Mr Spina:** Thank you, Jim. The interesting thing is that he sat on an access-to-capital committee with me, so I'm wondering how much of the answers he knows already.

I think it's been clearly identified and articulated particularly for the small business sector that trying to access capital of less than \$10 million has been a critically difficult area in which to get money, whether it was debt capital or equity capital.

When I was appointed co-chair to the access-to-capital committee with Rob Sampson we tried to address the various issues, and it's important within this context because, as I mentioned earlier, it fits together with the mentoring and the educational element of small business. We didn't quite get to that with Mr Curling's question earlier because of time, but I know I have time now.

As you know, the banks kind of missed the boat a few years ago when a lot of loans went to the big, major companies, the international investments, and they were in such a hurry to get involved in it that they made some very foolish loans and got involved with outfits like Olympia and York and so on. But this time around I think the banks are one element of the overall access-to-capital environment that, for a change, have begun to realize and acknowledge that this is a major market they must get into now or they'll miss the boat again.

Unfortunately they caused a lot of problems over the past few years. People in the field zeroed in and looked strictly at the numbers, without the human side that Mr Curling talked about earlier, in looking at that businessman or that businesswoman and seeing how viably they could operate that business and be a partner with them. From what we can tell in having spoken to a lot of major banks, they recognize this and are in the process of changing it.

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I think we have seen, just to dwell on the banks for a moment, that the Royal Bank has begun a new program, CIBC has launched a new program and now the Bank of Montreal has announced a new program, very specific programs geared to and aimed at that small business entrepreneur.

We have tried to create some incentives for banks to lend to small businesses under the penalty surtax that was announced in last May's budget. The difference between our approach and the federal government's approach was that the feds just slapped on the surtax. We imposed the surtax, but on the other hand we also allowed them the opportunity to earn that tax back by demonstrating the amount of money they have put into the small business sector.

We are looking at the labour-sponsored investment funds, a good idea in concept. The fundamental problem was that the investment fund managers were more concerned with giving an ROI to their investors than with getting the money out to where it should have gone, to

small business, virtually disregarding the fact that the investors got a tax credit. So they shouldn't be looking for a 10% or 12% return on their investment because they're already getting a tax credit out of it. They are now under severe pressure to get a significant amount of that money out to the private sector. I think we made recommendations to Minister Eves that the existing status remain, and they are going to have to get that money out by 1997 or be subject to a \$30-million to \$40-million penalty, in one particular fund's case.

One of the other things is that we would like to see the transition, or the shifting perhaps, of some of those LSIF-type models into being more community-based funds. If we are successful in making that transition and that shift and marrying that with perhaps the enterprise centres I talked about earlier, those investors will have a qualified base of people who have learned how to run a business who can now participate as investors, as debt or equity lenders, to be part of that business.

**Mr Jim Brown:** My knowledge of labour-sponsored investment funds or union-sponsored investment funds, and this is my own feeling, is that it's one of the biggest ripoffs going inasmuch as oftentimes the unions that get involved rent their name for a royalty or a piece of the action and don't really get involved in other things. For a \$500 cash investment you get a deduction in tax for I think \$5,000, so the taxpayer is being ripped for, in effect, \$4,500. Then this money sits in a humongous fund. I know one of the funds has \$800 million sitting in treasury bills for which the taxpayer has been ripped gloriously; 90% of the money that was invested goes back to the taxpayer. The small business people just want to go out and be independent and hire some people and put them to work and just do their own thing. How do we get at this glorious ripoff, the labour-sponsored investment funds? This is what I know about them and it's an awful situation. The taxpayer has really been hosed on it.

**Mr Spina:** As I mentioned, the first step was to change the rules under penalty, as ministries did back in the May budget. The next step is to follow through and change the provincial guidelines, at least with the provincial LSIFs, to ensure that investors still have the opportunity to participate. That's an important element. You don't want to chase those investors away, because that is what develops that pool, but the reality is that the pool of money does have to get out to those businesses. We need to push the investment fund managers to look at the applications for loans, whether it's a debt or an equity investment, and get them involved. I guess the first kick in the butt is to penalize them if they don't put that money out. But the reality is that we have to change various things around so we can make it easier for businesses to access capital.

Sorry, I guess we're being called for a vote.

**The Chair:** We've been called. It being almost 6 of the clock, we will stand adjourned until tomorrow, immediately after routine proceedings.

*The committee adjourned at 1756.*





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\*Mr Wayne Wettlaufer (Kitchener PC)

*\*In attendance / présents*

### Substitutions present / Membres remplaçants présents:

Mr Joseph Spina (Brampton North / -North PC) for Mr Vankoughnet

### Also taking part / Autres participants et participantes:

Mr Bill Grimmett (Muskoka-Georgian Bay / Muskoka-Baie-Georgienne PC)

Mr Tony Martin (Sault Ste Marie ND)

**Clerk / Greffier:** Mr Franco Carrozza

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## Assemblée législative de l'Ontario

Première session, 36<sup>e</sup> législature

# Official Report of Debates (Hansard)

Wednesday 20 November 1996

# Journal des débats (Hansard)

Mercredi 20 novembre 1996

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Chair: Alvin Curling  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATESCOMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Wednesday 20 November 1996

Mercredi 20 novembre 1996

*The committee met at 1541 in committee room 2.*MINISTRY OF ECONOMIC DEVELOPMENT,  
TRADE AND TOURISM

**The Acting Chair (Mr John Cleary):** I call the committee to order. The chairman is a little bit late in coming today so I'll fill in until he gets here. Tony, would you mind starting in rotation? You must have some questions you'd like answers to.

**Mr Tony Martin (Sault Ste Marie):** Yes, I've got a couple of things that I could go with. Welcome back.

**Hon William Saunderson (Minister of Economic Development, Trade and Tourism):** Thank you.

**Mr Martin:** This is the last day we have. Over the time we've had together I've raised on a number of occasions some indicators I've been looking at that are not painting quite the same rosy picture that you, Minister, are presenting. Some in our community today would benefit from a rosy picture as opposed to a more realistic painting of the economic reality out there and the impact that has on the lives of people.

You know that my concern re the economy is that business that operates in Ontario does well and that Ontario continues to be a good place to do business. That also has to contain in it some sense of concern that we have enough jobs for people to work at and that those jobs pay well, that they have attached to them benefit packages that see them able to look after their families, their children and themselves in terms of their health, and some benefit package or pension plan that would take some onus away from simply government having to look after people in their old age.

All the indicators I look at these days tell us that is not what's happening. In Ontario we are moving from a position of some relative stability, of some optimism, of some confidence to a position where we're not sure any more. We have unemployment that is now going in the wrong direction. We've seen unemployment in the last reporting move back into double figures again. We see groups that traditionally concern themselves about the plight of the poor raising red flags about poverty and children and the impact of decisions that you as a government are making under the aegis of creating a better environment for business and for business to invest.

A lot of people are getting hurt, and to me that doesn't speak to long-term viability and health and quality of life for all those people, who live in the province of Ontario and have a right to that.

The first question I have for you is: If unemployment continues to grow, if bankruptcies — there was an article in today's *Toronto Star* — continue on this "record

pace," so called — it says, "Failure rate expected to increase next year," and some experts are predicting that — if poverty continues to be a growing problem and if groups that I think we all have some respect for, such as church organizations, continue to talk to us about the impact of what we're doing as government on those whom they are most concerned about, what plans do you as a government have in place to take corrective action? Are there any benchmarks? How high is "acceptable" unemployment? What percentage of bankruptcies is acceptable to you as minister and to your government? What level of poverty is okay? Do you have any benchmarks?

Is there anything we can look at that tells us you are going to take some corrective action if we continue down this road? I'm concerned that we are and I want to know what you as government, because you still have two or three years left in your mandate, are going to do if these disturbing signs and figures continue to grow.

**Hon Mr Saunderson:** First of all nobody likes to see anybody unemployed. I share a concern about any time there's unemployment. Employment in Ontario has risen in 10 of the last 14 months, and I think the unemployment rate at the end of October was 9.1%, which was down from 9.2% in September, so that's a slight improvement.

**Mr Martin:** Actually, it's at 10% now. The last report that came out had it at 10%.

**Hon Mr Saunderson:** Not in Ontario. I think it is in Canada but not in Ontario.

**Mr Martin:** Ontario contributes to that.

**Hon Mr Saunderson:** It may, but I'd like to say that Ontario is below the national average by about 1%. There's been some very good job information, Mr Martin. There were 27,000 new jobs in October, of which 8,000 were full-time and 19,000 part-time jobs. The reason there are a lot of part-time jobs is the situation where a lot of operations don't wish to hire on a full-time basis because there are payroll taxes when you get into that full-time involvement. That's why we're trying to reduce payroll taxes. I think by reducing payroll taxes you tend to create more full-time jobs.

Since we have been elected there have 132,000 net new jobs created in this province; 114,000 of those were in the private sector. I think those are very encouraging statistics. In other words, employment is up in 10 of the last 14 months, and I think the reason employment has increased is that business confidence is being renewed in the province. I think being fiscally responsible, cutting the personal income tax rates, removing barriers to private sector investment — in other words, deregulat-



ing — are very important reasons for people wanting to start new businesses in this province.

I have been in Japan, as you may know. I just got back yesterday. When I was there I visited a number of companies that already do business in Ontario. Many of them have been planning to increase their facilities here. Honda and Toyota already are. Just a quick rundown of the companies we visited is pretty indicative of the variety of businesses that are here. We visited a company called Yuasa, which has a large battery operation out in Mr Spina's riding, I think. They certainly are planning to expand in due course. They are very pleased with what they are seeing in Ontario at the present time. Mr Spina recently has met with them, and I think he would confirm that they are very satisfied with the economic environment here.

1550

We also went to Nippon Tel and Tel, which is looking for partnerships in North America. I am very encouraged and optimistic that there will be something coming out of that visit to NT and T. They are the second-largest telephone and technology company in the world next to AT&T.

We spoke to Honda and they, with their expansion and a new line of car, are very positive about this province for the reasons I have just given. One of the management consulting accounting firms, Asahi and Co, which is associated with Arthur Andersen around the world, had some clients in to see us, and I can tell you they are very optimistic and enthusiastic about what we are doing.

Keep in mind that in Japan they are overly regulated. They like the fact that we are deregulating. Their personal tax rate is going up, if anything. Ours is being brought down. Our deficit is being brought under control. They like all that. By the way, another thing that is influencing these companies when they talk about Ontario is that we are reforming the labour situation in this province — in other words, our Bill 7 versus the previous government's Bill 40.

Suzuki Motor Co is in partnership with General Motors at the CAMI operation near Woodstock, or Ingersoll. They voiced concerns about some labour legislation that is bothering them a little bit. I have spoken to the labour minister since returning, and she has informed me that there is more to come in workplace labour legislation. I think that will keep our Japanese friends happy.

I mentioned visiting Toyota and I wanted to mention that we spoke to the Kankeiren in the Osaka region. That is like a large chamber of commerce for that community. They are optimistic from what they heard from the group that was here earlier in the year, Keidanren, which came over to take a look at what is going on in this country and in this province.

The last corporate visit we made was to Sanyo. That company is well known for its household and personal appliances, but they have teamed up in home building and there is now Canadian home building going on to a great extent in Japan and many Ontario companies are taking part in that. The Viceroy site is the one I went to.

Throughout all the things we heard when we were in Japan, they are very impressed with what we are doing and that is why I think we are going to see more Japan-

ese investment coming to this country. With big automotive manufacturing from that country going on here in this province, automotive parts suppliers are taking a hard look. I've already mentioned one company that has set up in Listowel, the Morioko Co, and I met the owners when I was in Japan, but there is another one to be announced very shortly and a couple more down the road.

You asked about unemployment. I say the unemployment situation in this country is getting better. I wish there were none, but there is some. You asked about bankruptcies. I thought I would just tell you about bankruptcies. A lot of companies, when they get started, are badly organized, and often in times when competition is very intense these companies have not laid proper plans, so I don't think you can use bankruptcies as a measure of what's going on in the economy.

Poverty: I think the way to eliminate poverty is to create jobs and that's what we're doing. I gave you those net new job statistics. But also we're doing a great deal to make the job climate much better in this province. In the last 12 months, by the way, 68% of the new jobs created in Canada were generated in Ontario, so I think Ontario is leading the way as far as new jobs are concerned. From September to October there were 42,000 jobs created in Canada, 27,000 of those were in Ontario, or 64.3%. I think Ontario is leading the way and that pleases me.

All regions in Ontario have shown improvements in employment, by the way, in 1996. In the southwestern region of the province the highest gains in employment have been shown to be at 2.9%, followed by the central region at 1.7%, the GTA at 1.1%, and northern and eastern regions at just around 1%, so there is very encouraging news out there about the job situation in Ontario.

You asked what our government is doing. I think we're creating very much an open-for-business environment in this province, and the Japanese, as an example, have picked up on that. It's also happening in other countries.

**Mr Martin:** If I might, Mr Chair, because I know you were giving me the signal that my time was up, I've got to ask one question. The minister, in his usual style, goes on and on. He seems to have —

**Hon Mr Saunderson:** It seems to be the style in this place.

**The Acting Chair:** Make it quick, Tony.

**Mr Martin:** I'd like, if I might in two minutes, to sum up and ask the minister again so he can think about it, although he doesn't really have to, because I'm going to get the same kind of answer out of him. We'll have to agree to disagree on a number of things. Obviously, your view of the world is different from mine, but if recognized and respected organizations and think tanks and people who do work around statistics six months or a year from now indicate to you, as is said in this article today in the Toronto Star — and this is Duke Stregger from the Credit Counselling Service of Metropolitan Toronto. He says: "I see a continual rise (in the bankruptcy rate)," it's not going down. "It's increasing. And unemployment is not going down. If anything it's going up a little bit."

All these people can't be wrong. At what point do you become concerned? That's my question.

**The Acting Chair:** Thanks, Tony. Maybe we'll let the minister think about that, as you suggested earlier.

**Mr Martin:** Yes.

**The Acting Chair:** We'll back up to the Liberal Party now and then we'll get in the proper rotation, the Conservatives next. Mr Lalonde.

**Mr Jean-Marc Lalonde (Prescott and Russell):** I have a few questions. Knowing that the ministry has put together a Team Ontario — I call it a team, and I think it's the official name that your people have. You were in eastern Ontario last Monday. I have to apologize that I couldn't attend this launching of your Team Ontario. I wish I could have made it, but I was just advised last Thursday about it. There are a few questions. Even though I couldn't attend I had a guy by the name of Brian Bender from the town of Hawkesbury who did attend to replace my attendance there.

You're talking about a marketing strategy during the launching of this program. Could you explain to us what type of marketing strategy we are going to have within this Team Ontario program?

**Hon Mr Saunderson:** First of all, it's a program called Market Ontario. The slogan is The Future's Right Here. Yes, you were invited. I was not in Ottawa. I was in Japan. We did an announcement from four locations abroad, Tokyo, Frankfurt, London and New York, and then we did locations in Toronto, obviously, Ottawa, Sault Ste Marie, and London, Ontario. The package is this. I don't know whether you've received that yet, but I think it's in the process of being distributed to all MPPs and their offices. It will tell you about it.

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Basically what we want to do is to get Ontario back on the radar screens in countries where companies are looking to make foreign investment. We have found that around the world we just aren't on the radar screen when companies are looking at where to invest. We have not had a marketing scheme for this province in over 10 years — the last two governments, that's what we're referring to. We needed something like this to get Ontario back in the game. What we want to do is make sure that when people are looking for a place to invest, they keep Ontario in mind, that we're first in their minds as a place to make an investment. So the object of Market Ontario — that is what it is called — is to increase Ontario's share of foreign direct investment in this province.

Basically what it consists of is major media advertising around the world, but particularly in business magazines around the world. We're concentrating on four languages to start: Japanese, English, French, German. Those are the areas where we get most of our investment from foreign countries. The first one is the United States, obviously; the second is Great Britain; the third is Japan; and the fourth is Germany. We're convinced that there's a lot more business in those countries for us to attract to this province, so for the first time in a long time we are having a marketing program, major media direct target marketing where we will directly target companies in certain countries. That was one of the reasons I was in Japan.

There will be a very exact and comprehensive data base that we are building up on whom we should be contacting, and we're asking some of the companies and the people of those companies who have been in Ontario to help us target companies. As an example, Tom Kawamura, who was in charge of the Toyota operations in Ontario for a few years, and I think — no, maybe there aren't any people from that region here with us today — but I had a good meeting with Tom and Tom is now the managing director of Akebono Brake in Japan. They have one plant in the United States; it's our hope that they might have a plant in Ontario. He is going to help us target some companies in Japan, so not only will we be targeting ourselves but we'll be using the people who do business in Ontario to help us target other companies in their countries.

We're going to have a business ambassador volunteer system where we ask all of our MPPs of all parties if they want to be ambassadors for us to market Ontario when they travel. This is what the kit looks like. It comes with a video. The video is about 10 minutes in length and it is a very fast-paced video which I think shows Ontario in a very good light and talks about how active a province it is. Those kits are available and so is the video.

We'll be doing direct mail as we target companies or sectors of the economy. Of course, we'll be having special missions by ministers and the Premier and MPPs who are travelling, and we will be sending those people to the areas where we think we can do the most good. I think we have to concentrate our dollars on marketing Ontario more to those countries that supply most of our investment capital and I am going to be working on that with my ministry, now that I have been to Japan and observed the potential there. I think there are some parts of the world where we spend money marketing Ontario and maybe those should be reduced and more concentration should be on the United States, Great Britain, Germany and Japan because that is where we get our biggest support from.

We will also be showing up at trade shows on this Market Ontario plan. We have a World Wide Web site, as you know, for our ministry and the government and the province. We will be selling that to companies to look at. We will be making the Ontario Investment Service much more interactive and use it as a marketing tool for the province. We will be showing our video on flights, in-flight movies. When people are on planes they have time, as many of us do, to watch movies and we are hopeful that this will catch people's interest.

Our objective, if you want to boil it right down, is to increase our share of foreign direct investment in North America by two percentage points over five years. That would raise our share of the money that is invested from overseas in North America up to about 8.6%. It's currently around 6.6%. If we do that, it's our feeling that we will create somewhere in the neighbourhood of 250,000 new jobs.

The budget for Market Ontario, for those of you who are interested, for a full fiscal year — and the first full fiscal year will be the year ending March 31, 1998 — will be \$17.8 million.



I'd also like to point out that the launch we had was a nice marriage of the private sector and the government. I think the private sector contributed somewhere between 55% and 60% of the cost, which was around \$200,000 to have this launch that we did this week.

**Mr Lalonde:** May I interject, Minister?

**Hon Mr Saunderson:** Yes, you may.

**Mr Lalonde:** I fully agree with the extension of our marketing overseas and also towards the Asian countries. Knowing, and I think you have had one experience, that we have other provinces that are looking at Ontario at the present time to move to or to go to the States, is there anything in your program that would help municipalities to do some marketing in other provinces of Canada?

**Hon Mr Saunderson:** I guess the direct answer to that question is no. We know that next to California, Ontario is one of the most targeted areas, or has been, to lure business away from. That's not happening now but it was in the past. But you're wondering if there is some aid to municipalities to get business to their municipalities.

**Mr Lalonde:** When I say business, just towards the marketing part.

**Hon Mr Saunderson:** First of all, I think that this concentrated marketing effort is going to focus people to think more of Ontario; therefore I think communities will benefit from that. We will certainly, in our ministry, work with any company that wishes to come here to help them find a location. There is one that we've been talking about as far as you're concerned, and we certainly stand ready to help companies that are looking to find maybe facilities, old buildings, that type of thing.

**Mr Lalonde:** I'm just looking at the marketing side at the present time. I'm not looking for any other help.

**Hon Mr Saunderson:** I think the kit that we put together, the material, would certainly help in that regard. 1610

**Mr Lalonde:** Okay. I should ask the question directly: Is there any help to a municipality that wants to put out brochures that would be sent overseas to other provinces to market their industrial area, let's say?

**Hon Mr Saunderson:** Yes. I think if that area wants to produce its brochures, there's nothing to stop us when we are making our travels from taking various brochures with us from municipalities or areas to say, "Here is an example of Ontario areas wanting to attract foreign business."

**Mr Lalonde:** My question was direct, though. Is there any help to develop this brochure?

**Hon Mr Saunderson:** No, there's no help in the way of financial help.

**Mr Lalonde:** Thank you. I appreciate your answer.

**The Chair (Mr Alvin Curling):** That's your time. We now turn to the Conservatives.

**Mr Toby Barrett (Norfolk):** I want to continue discussion of trade and development and reference some of the economic indicators you've mentioned, employment for one. I'd rather concentrate on employment than unemployment and bankruptcies if we are to send out a positive message around the world.

Tax cuts: I consider that another economic indicator that we certainly have control over within this province. I wish to ask you, Minister, how we're stacking up from

the ministry's perspective with respect to economic development and trade not only internationally but also within our country and within Ontario. You had mentioned the creation of 132,000 net new jobs since June 1995, and I understand this represents nearly 60% of all the jobs created in Canada. More recently, StatsCan figures in October indicate 27,000 new jobs created in Ontario.

I recognize there are other factors beyond tax cuts that are contributing to this. Some of the best economic news in our country is continuing low inflation, a very low inflation rate and a downward trend in interest rates. I understand inflation has been sitting for the past year well below 2%. Across the country it's sitting at about 1.4%. I'm wondering how we capitalize on that with plans through your ministry.

The Bank of Canada lending rate is very close to 3%. The chartered banks' prime lending rate is also, as I understand it, now below 5%. This drop in the prime represents the lowest rate in about 40 years and we're very close to a Bank of Canada rate that was set back in 1935. Again, there is tremendous potential there to combine what we are proactively doing in Ontario with some of these larger trends in our national economy. There's certainly good news for home buyers with a low inflation rate and good interest rates.

Our Canadian dollar has to be very important. I've talked to a number of smaller companies in my riding that are really keeping their fingers crossed that our dollar rate is going to remain at pretty well the same ratio it is now compared to the US dollar.

Exports are very strong nationally. I don't have figures for Ontario but I understand that Canada has posted a current account surplus in the second quarter of this year. This is the first time in about 12 years that we've been able to report a surplus.

Putting this in context, we still have a tremendous debt. It's about three times the size that existed at the beginning of the ruinous Rae government regime. We have to pay the piper on that one. We are cutting government spending; everybody knows that. We are cutting red tape. But I'm just wondering with respect to tax cuts, given the kind of economic environment that has developed in recent months, how is our ministry capitalizing on this, again not only from an international perspective, how that shakes out for business here, but as well domestically as far as interprovincial trade is concerned, for example?

**Hon Mr Saunderson:** My response to that is the whole idea of Market Ontario, because I don't want to give the impression that Market Ontario is strictly for dealing with foreign countries that have invested in Canada. It really is a way that we get out the good news about what's going on in Ontario, and we have to keep being missionaries even in our own province because I don't think it's understood yet. I was amazed when we were in Japan that they didn't know the government had changed here. I think a lot of small businesses still don't understand the advantages we've got here and what we've been doing over the last 16 months. That's why we have to keep hammering away, saying the commitments we've made, as in the Common Sense Revolution, and

we have to keep saying that information all the time to make people aware of the good situation in the province.

There is a litany of things that we've done since we got elected and that has to be conveyed to small business. I know Mr Spina, who has been covering small business, has spent a great deal of time making sure they're well aware of what's been accomplished in the province.

I think our job in our ministry is to facilitate new investment and expansion of existing investment in the province. I've said before that our ministry is very much organized like a management consulting operation where we have very skilled people of great knowledge who are there to help people find a site for expansion, to explain how to do a marketing plan. I'm happy to say that we are enlarging on such events as the wisdom exchange, as we are having a wisdom exchange in Ottawa in the first week and we are looking to have probably a few hundred people attending this event. We've already had some in Toronto.

I guess our job in the ministry is to be out there selling. We have a field staff that's out there. I met with them a couple of weeks ago and said that they are our eyes and our ears in dealing with the business community and that they are there to spread the good news about what's being accomplished in this province.

Without going into all the things we're doing — I know that's not the end of our 15 minutes — I'm happy to answer any other things you would like to raise.

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**Mr Barrett:** I'm wondering more specifically — we mentioned yesterday there are some local companies in my riding you know a little bit about, the products that are coming out of my riding. Many of these companies are just getting into the export game. They are not multinational corporations, they are not big players, but they have an intense interest in promoting Ontario. There's one example of a trucking company in my riding that has trailers that travel the highways in the United States and they're very keen on putting the Market Ontario logo on both sides of their trailer. Another company is willing to pay for that.

You've mentioned the economic development staff who are around Ontario and I'm wondering — we talked about this a bit yesterday — what we can do at the local level to touch base and to tie in with this cadre of public servants who are available in the province, basically I think to capitalize on the interest of some of the little guys who maybe don't have a team of salesmen overseas but are keenly interested, very simply, in helping out.

**Hon Mr Saunderson:** You asked about the slogan The Future's Right Here. We want to be able to use that as a sticker type of thing. We are looking into any liabilities that may be involved. We have to clear that legally, and we'll keep you up to date on that. But it is a good slogan and I think it would make sense to put it on vehicles and that type of thing, so that's something we're working on.

I referred to wisdom exchanges earlier. Not every company qualifies to come to a wisdom exchange because they tend to be innovative growth firms and not every company falls into that category. But one thing I've seen at those wisdom exchange events is that people are anxious to get into exporting. There always is a part of

all of those exchanges that deals with exporting, so if a company qualified to come to the wisdom exchange, that would be one thing.

The Ontario International Trade Corp could certainly assist those companies that you're referring to as far as getting into the exporting business is concerned. Keep in mind, and you know it, that exports have saved this province's economy, saved this country's economy because of the strong economy in the States and in other parts of the world. If we weren't exporting, we would not have the economy that we have today.

The Ontario International Trade Corp provides a wide range of services to assist Ontario firms to build up their export capabilities. The best thing I would recommend is that if we can in any way send somebody out to those companies, we'd be happy to do that, or they could come here and talk to us in the ministry because it's a one-window access to help Ontario companies pursue international trade and to expand export markets. We particularly look at small companies in this area because a lot of them don't know how to do it, and I think that's what you're saying.

We would like to, with the SMEs, expand that base of exporters to 1,000 new exporters by the year 2000, and I don't think it's a hard thing to do. I think our export of goods reached a total of \$133 billion in 1995 and our services amounted to \$18 billion. But you're talking about goods, I guess, rather than services?

**Mr Barrett:** There's one factor I'm thinking of. My local economy and much of the economy of that part of southern Ontario is more in the category of hewers of wood and drawers of water. I'm talking of agricultural produce: tobacco of course, ginseng, soya beans that are exported; raw steel; auto parts — again, there's value added. Much of our traditional economy has been the primary products like that. I guess my only thought on this is that it's crucial that we continue to support our own Silicon Valley as much as possible but we cannot really ignore the importance of continuing to do value added. We've known this for decades, that we cannot continue to just export raw material. With so much of my part of Ontario it's pretty important to take a look at our basic traditional products which are being exported and probably could be exported in a more finely tuned form or value-added form.

**Hon Mr Saunderson:** There is a program called new exporters to border states that OITC runs; they are field seminars. If you would like to be in touch on behalf of your constituents, we would come down to your area and run a seminar on exports. I think that's probably what you're looking for. So it's being done. It's called NEBS, for short. Just be in touch with the ministry, then that's available if you would like.

**Mr Barrett:** This would be very useful for local chapters of the Canadian Manufacturers' Association, for example, chambers of commerce, the board of trade, obviously. Thank you.

**Mr Wayne Wettlaufer (Kitchener):** Minister, welcome back. I was very high on the Market Ontario launch the other day. As you know, Kitchener has a fair amount of German investment — not enough, mind you, but we have a fair amount. The German community has been



more active lately in investing in land development and real estate but we would need a whole lot more in the manufacturing area. Outside of the Market Ontario launch, is there any other discussion going on with the federal government to bring more German investment into our area?

**Hon Mr Saunderson:** Last year the federal government had a chap called Bill Waite who was the former chairman of Siemens Canada who spent about three months in Germany. I met up with him in Germany last January and February and he arranged visits to companies and seminars which were very good. As a matter of fact, a couple of those visits we made paid off. They weren't into your area, by the way, these two specific ones, and the federal government is looking to maybe do that again with him in Germany. He goes over there and his costs are paid, but he's basically a dollar-a-year person. He feels that he wants to give something back to a country and a province that he did very well in. The federal government is looking more and more at that type of thing, and we're trying to connect with them through Minister Eggleton and Minister Manley.

**Mr Alvin Curling (Scarborough North):** Minister, now that you have returned and you said you have learned so much in Japan, and I'm convinced you have — you mentioned that Japan didn't even know we have had a change of government, and I don't know if that's a good thing or a bad thing. I'm still thinking about it, really.

Maybe one of the problems I did not know is that they have no way of having contact with Ontario, and your big launching of Ontario is an indication that you want us in Ontario to be known. Will you then be reopening the trade offices in Japan and England and all those places you just mentioned and said, "My God, we do a lot of business there but we've closed them down"? I know that good government would say, "We should move ahead with that." I know you are quite supportive of that.

**Hon Mr Saunderson:** Yes, a lot of people have asked that question. I can say that we aren't going to be building offices, bricks and mortar. We're not going to have physical offices there but we're going to be present in person a lot more than we've been. I think we can target countries or regions of countries where we can get some very excellent results by focusing personal contact. You know what it's like when you're in government and you have the chance to go out and build a relationship with organizations. I've noticed that's happening now with me and our ministry and with the Premier and other people who have travelled.

You build up these relationships, and I mentioned Tom Kawamura of Japan, who was here with Toyota, whom we got to know very well. Now that he's back in Japan he's willing to be an ambassador for us about Ontario. I think that's the type of thing we can do and build on those relationships.

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**Mr Curling:** If it were somebody else were telling me this I'd be convinced. I don't think a businessman like you, well respected, knowing the benefits that happen when we have trade offices — I remember when I went to Japan. The support I got from the trade office we had

there was tremendous and the impact we had and the relationship we developed were just wonderful. As a matter of fact, some of the complaints I had were that the territories they had to cover were so wide that they needed to expand more and maybe have more personnel dealing with that. But you're saying to me now that we could have a part-time dollar man or something like that. In the meantime, you're saying we need to expand, we need to develop more relationships, we need to do more business. I know the kind of business individual you are, the well-respected individual you are. As a matter of fact, even my colleague Monte Kwinter from time to time gave all these glowing comments about you.

**Hon Mr Saunderson:** I wish he would do that now.

**Mr Curling:** I told him to hold back a bit until we maybe take the government over. We may have a difficult time convincing them about you otherwise.

In England and in Germany the same thing happened when I was there, but you still say to me that maybe a friend or some relationship we have there could carry on the work just as effectively. Do you really believe that?

**Hon Mr Saunderson:** I've noticed a great willingness on the part of the federal government offices in those countries to work with the provinces. They have people in those federal offices, trade officers who concentrate on certain industries. Obviously the automotive industry is basically in Ontario, with a very small amount in Quebec. We have found that in working with federal trade officials in the various embassies or consul general offices in cities — I can only talk about the countries I've been to — in the United States, Britain, Germany and Japan, we are getting very good introductions to companies and I think these introductions are paying off. I think there is a spirit of cooperation in the federal government, and the fact that we haven't got an office there means we get more of their attention. I've just come back from this Japan trip, and we certainly found over there that we couldn't have had better cooperation from the ambassador right down to the lowest trade officials.

To give you some idea of what we experienced, in Tokyo we had two meals with approximately 40 investors or companies at each of those events and then we had, as far as tourism was concerned, another meeting over lunch which was about the same number.

**Mr Curling:** I have no doubt at all that they cooperated in the many examples you would give, but I'm still not convinced it is the best way to go regardless of whether even the federal government presents itself. I know it's a large country. I would much rather see Ontario fighting for Ontario. Of course we'd like the help of Canada fighting for Ontario too, but Quebec doesn't think so. Quebec has its own investment there.

The other question I want to ask, and Mr Martin has been trying to put forward a lot, is again about your personal feeling on this: The way your government is going and feeling that it is right in what it is doing, why do you think the direction it is going is right?

**Hon Mr Saunderson:** Whether the direction we're going is right?

**Mr Curling:** The direction, just in general about how you go about — let me give you a quick example. My perception is that your government is running this

province like a business, and government is not a business. You're obsessed with the debt, that all costs of the debt must be paid. We all agree it is not a wonderful thing when you have to contribute to programs and have to borrow and pay so much money for them. I understand that the tax cut is the right way to go and giving back to the people is the way to go. Why do you think your government direction is the right way?

**Hon Mr Saunderson:** First of all I think statistics show that we are creating the right number of net new jobs. The statistics speak for what our policies are as far as jobs are concerned.

I think the jobs we're creating are boosting business confidence, and that's very important. People have to feel that this province is doing something new and different. We are running government more like a business. The basic principle of running a business is not to lose money and not to spend more than you earn.

**Mr Curling:** And to make a profit.

**Hon Mr Saunderson:** Well, from time to time you probably might have a surplus.

**Mr Curling:** You feel that government should be making a profit, then?

**Hon Mr Saunderson:** No, I didn't say that. I said that from time to time you might have an operating surplus.

**Mr Curling:** But if you have a surplus, Minister, while we have more people who are poor — kids are being deprived of a good breakfast and things like that — it is the responsibility of a government to make the distribution or redistribution of money to the poorest, the disabled, the confused.

Why is your government taken up with running it like a business, as you said, not to lose money but not too concerned about others in our society? This is the impression they're getting outside, and I'm just reporting to you. Some of them I agree with, that you're not too concerned about the people who need help and maybe need more to get going because they're being disadvantaged in our society and government is not looking after them. They feel that this government's emphasis is on big business and that anyone struggling for their rights in our society is regarded as special interest groups and that labour unions fighting for certain principles within the workplace should be banned.

Do you feel that is the direction, and don't you see this is undermining the kind of confidence we would have in the people of our province?

**Hon Mr Saunderson:** I still stick to what I said earlier. If you run an organization like a business, not to spend more than you have, then I think that is a very good principle of how to run a government. I've always believed that. That's one of the reasons why I entered government when I did.

When this government gets to the stage where a surplus is achieved we will use that surplus to pay down the debt. As you know, we're spending a great deal of our budget — somewhere between 15% and 20% — to pay the interest on the debt. If we have a surplus I think we should pay down the debt; then ultimately you will have more funds available to help those people who need help.

**Mr Curling:** Why are you borrowing more now if you want to pay down the debt?

**Hon Mr Saunderson:** We're borrowing more because of the situation we found when we became the government, and somebody referred to it today, of a terrible deficit situation that had ballooned by about 200% during the time of the NDP, of the previous government, and that is why we are borrowing. We have to borrow to keep the government going. We shouldn't have to do that and I would rather we didn't have to do it, but there is no way we can avoid it at this stage of the game.

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**Mr Curling:** Do you believe in borrowing it and then giving some of this money back to people in terms of refunding it as tax returns?

**Hon Mr Saunderson:** We certainly have given back some of that money we borrowed because we are not in any way cutting expenditures in the classroom; we are not cutting law and order expenditures; we are still about 10% above any other province as far as welfare payments are concerned.

**Mr Curling:** So it's okay then to borrow to give back as a tax return.

**Hon Mr Saunderson:** You're talking about the tax relief, the personal tax cut?

**Mr Curling:** Yes, the tax cut.

**Hon Mr Saunderson:** The personal tax cut?

**Mr Curling:** The tax refund.

**Hon Mr Saunderson:** I think a personal tax cut is extremely necessary. One of the reasons we've been losing some of our brightest people from this province to neighbouring jurisdictions is that we have an extremely high personal tax rate at this time when combined with the federal rate. We're at the highest level, and we will be next to Alberta when this tax cut is complete over three years. I think that's one of the reasons we will be able to hold our bright minds: having lower taxes. You attract entrepreneurs, by the way, to set up businesses in your jurisdiction when you have low tax rates.

When we started these estimates, I went through a list of 12 points that companies look at when they are deciding where to locate, and one of those was low personal tax rates. When we lower personal tax rates, it means that the entrepreneurs, and particularly the small business people, have more money after taxes to put back into their businesses or to expand their business. That's very important, so I am a strong supporter of lower taxes.

**Mr Curling:** You're a strong supporter of borrowing money in order, as you said, to pay down some of the debts and also to give a tax refund.

**Hon Mr Saunderson:** No. The reason we're having to borrow is the financial situation we inherited. I don't think it's very much related to the tax cut.

**Mr Curling:** It's a policy of the government, a program that it put in place — I'll respect your time, Mr Chair. As you can see, we won't agree with that kind of strategy and I'm concerned. I hope you'll take another look at that one day and change your direction.

**Hon Mr Saunderson:** I think these estimates are an exercise somewhat of agreeing to disagree — Mr Martin has already said that — and I suppose that's true. As a financial person who's spent all his life believing in never spending more than you earn and building a surplus for



a rainy day, that's what I brought to this government and that's what this government is doing, and that's why I'm very satisfied to be a member of it.

**The Acting Chair (Mr Jim Brown):** Thank you, Mr Minister. Mr Martin for 15 minutes.

**Mr Martin:** Oh, we have a new Chair.

**The Acting Chair:** Yes, we have a new Chair.

**Mr Martin:** I hope you'll be fair and make sure that I get a chance to ask some questions and that the minister will get a chance to answer those questions.

I want to follow up a little bit on the previous questioner's questions and ask you about a theme I've been focusing on throughout these hearings, and that's the question of what indicators you see as important and at what point you, as a citizen of this province, a member of this government, a member of the cabinet, would be willing to agree that just maybe there's something wrong with what you're doing.

You talk about the jobs you've created and about employment being up and unemployment being down. All the articles I read and the information I get tells me differently, and even more importantly — you weren't here yesterday when I shared with the two assistants who filled in for you, very adequately, I might say — I was back in my riding last week and I knocked on a lot of doors. I knocked on the doors of three polls, probably over 300 doors. I spent two days appearing at plant gates talking to people as they went to work and I attended a number of meetings.

These are the people who live out there. These are the people who are experiencing first hand the impact of your decisions. They don't talk to me about new jobs and about hope and confidence and excitement about the future; they talk to me about anxiety and worry and concern. They talk to me about people losing jobs, particularly, at this in time, in the public sector. They talk to me about people who are family members, people who are neighbours, people who are friends, who are now out of work, who spent literally years of their time, who spent thousands of dollars investing in their ability to be the best they can be, whether they were nurses or teachers or social workers, and now they find themselves out of work.

The only jobs in our neck of the woods — and I don't know what your colleagues heard when they were back in their constituencies at home talking to their people. What the folks in Sault Ste Marie are saying is it's pretty bleak out there; it's pretty dark. There is no confidence. There is no sense of there being a tomorrow for them, and particularly they are concerned about their children.

As I knocked on doors and was invited in for coffee to talk to people, there are two things I probably heard more than anything. One was the state of our health care system. Yesterday, Ms Elliott from Guelph talked to us, I think very eloquently, about a good health care system being a drawing card for people who will invest in this province. I think governments over the years have recognized that and so we've invested heavily in making sure we have a first-class health care system that's universally accessible to all people and makes people well when they come in the door and takes care of them.

In my community, people are concerned that this system is deteriorating, that it is no longer as accessible

as it used to be and is no longer as caring as it used to be. People who used to work in it are no longer working in it. They don't have jobs. The number of jobs in the two hospitals in Sault Ste Marie has diminished significantly. They're looking at even going further. This is what's happened up to this point. They're anticipating, for the next two years, a reduction of somewhere between 13% and 15% in their budget, so they'll have to cut even more people.

When I went to the homes of the people who live and work and make the economy of Sault Ste Marie work, they were telling me they're concerned about what's happening to the health care system. If we allow the health care system to become second rate or to deteriorate to a point where it's not as helpful as it used to be, I suggest to you — taking very seriously the comments of the member for Guelph yesterday that the health care system is one of the things that attracts people to invest in Ontario — that won't be an attraction any more, that just won't be there.

It will be another case of your government, when you're in Ontario, hammering the heck out of the education system and claiming that we're in crisis and that it's second class, that it's not first class, and then going to France and saying it's the best system the world has to offer. You'll be doing the same thing about the health care system.

As matter of fact, it wouldn't surprise me if you're not already doing it, going over to places like Germany and Japan and talking about the health care system in Ontario, which is an excellent system but is deteriorating at a very rapid pace, as one of the things that you have to offer, that we have to offer, so that people should come and invest here, because we all know, anybody who studied economics, that the health care system in Ontario provides for investors a cheaper way of providing health care for employees than anything that any company in the States has to offer or can offer.

In my community, the people are concerned about health care and they can make the connection between health care and the health of the economy and all that.

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The other thing they're concerned about is the future for the young people. There are a lot of people in Sault Ste Marie who have worked very hard to make sure their sons and daughters get a good education, can afford to go to university, and now they're either out of university or looking at graduating from university, those who can still afford to do that, but there are no jobs. The only jobs they see ahead for them are part-time, low-paying, no benefits, no pension plan, and the pension plan that's out there that's universally acceptable for everybody is now under attack both by the federal and provincial governments.

They're not feeling very hopeful. They're quite depressed about that. That again speaks to very early signs, Minister, that I think you should be willing to own up to, to want to hear something more about, to concern yourself about, because if you don't, it'll sneak up behind you and devour you and it'll be over before it even begins. It will do untold damage to a lot of communities and to a lot of people.

The reason I'm here today putting all this on the record is that I don't want to be accused in five or 10 or 15 years down the road, with my friend Mr Curling and some of the Liberal members, of not having raised these important questions early on in the game. You still have an opportunity to change your course. You still have an opportunity to do things differently, to consult with people and to hear what they're saying. You still have an opportunity to take more time in introducing some of the initiatives you think are going to be helpful and important for the province.

I'm sitting here today challenging you to do that and I'm sharing with you, very seriously and sincerely, what I'm hearing out there and what people are writing and saying, people I have tremendous respect for, which you don't seem to have, who are saying it isn't quite as you paint it in the package you presented to us when we first started these estimates. It isn't quite the same picture, obviously, that you're painting when you go over to Japan to talk with people who don't understand what's going on back here in Ontario.

I suggest to you that it's not going to be, in the long run, really healthy for all of us, any of us, if we continue down this road of separating what we do with the economy from what we do for people, separating economic considerations from ethical considerations. It's wrong. Thinkers and writers over the years and economists who have an ethical background have written over the years that it's wrong to do that, but you're going to do it anyway. Other jurisdictions have tried it. Margaret Thatcher tried it in England and they're about to elect a new Labour government over there as soon as John Major decides to call an election, because the people of England have come to understand and to realize the folly in the ways of the neo-con, right-wing agenda.

In the States, everybody was singing the praises of Ronald Reagan, how wonderful he was. He was cutting taxes and pushing a neo-conservative, right-wing agenda. He damn near bankrupted the country. He took the country from a situation where —

**Mr Wettlaufer:** It was the Congress and the military budget.

**Mr Martin:** No, Ronald Reagan did. He was the president. Mr Curling raised the question just a few minutes ago. He decided to give people a tax break. He took the debt of that country from the billions to the trillions. Isn't there anything to be learned from that at all? Is there nothing to be learned from that? The question I have for all of you is, at what point do you get it? At what level does unemployment have to go to? How terrible does the situation have to be out there for women and children and poor people? How many bankruptcies?

**Hon Mr Saunderson:** Let me respond. First of all, on the subject of Ronald Reagan, just to get this straight, yes, he did cut taxes, but what he didn't do was he didn't cut spending. That's why they got in the situation they got into. We are cutting the personal tax rate and we're cutting spending, and that's the difference between Reaganomics and the Common Sense Revolution. I want to get that on the record, because a lot of people always refer to Reaganomics. That's the problem.

I wanted from a philosophical point of view to say to you that in the last 400 years there have been three major

events or trends. The first one was in the Reformation and the Renaissance, when people started to think, when the Church didn't run everybody's lives. It was the beginning of very creative thinking, hence the name "Renaissance people." The second one was the Industrial Revolution, which really changed the lives of many people and brought about modern industry as we know it. All the time those things are happening there are upheavals and people have to learn to cope with change.

We're going through that right now with the information technology revolution, and it is a major, major change. It's changing so fast that it's changing every day. You cannot keep up with the changes that are happening. People are having to adjust to this: businesses, individuals, all organizations, and government, for that matter. We're in one of those major changes at this time of our lives. It's very exciting.

I wonder if in the old days they said, "How did you like living in the Renaissance?" I don't know what they're going to call this period that we're going through, but it's an exciting period to be going through and it is changing society. In the process, whenever these changes occur, people suffer. The main thing is that what this government is trying to do is to have the wherewithal to help those people make changes and not suffer. I just wanted to mention that because I believe strongly that's what's happening right now.

You talked about health and education: What do I say when we are talking to foreign companies or people in foreign countries about this province? Yes, I say we have a good health system. Yes, I say we have a good education system. But I think we can do it better than we're doing both those things right now. As an example, we can do it better by not having as many hospitals. I can remember going to see my first grandchild a few years ago at one of the hospitals in Toronto and being very surprised to see how many empty beds there were in that hospital. I'd been involved with a hospital board in Toronto, the Queen Elizabeth Hospital just down on University Avenue, and again there were empty beds in that hospital. So what we're doing now is not rocket science; we're just trying to streamline our system so that there aren't empty beds in hospitals and therefore maybe we don't need as many hospitals. I wanted to mention that, about the health system.

On education, it doesn't bother me that teachers are going to be measured as far as their performance is concerned, because I think we want to know how well our teachers are doing and we want to know how our children are performing. I think it's good that we're going to have universal testing and measurement of children.

1700

**Mr Wettlaufer:** A comment was made by Mr Curling when he was on the Liberal side before he came back to the chair that our cutting taxes was ridiculous. I would like to point out that about 10 days ago, Patti Croft, one of the most noted economists in Canada today — she's the chief economist with Canada Trust — was recommending in a talk show that the federal government reduce some of its taxes in order to encourage the consumer to spend some more money. She said that the



consumer lacked confidence today and part of the reason was the high taxes we have in this country. That is the only way we are going to get consumer spending back up to a level, but it's more important to realize that taxes of all kinds discourage investment by any business, not just foreign investment but also investment by companies owned and operated by Canadians and by Ontarians.

I was only a small business person, but when taxes went up I laid off individuals. I know of many other businesses in my riding of Kitchener which did likewise, large and small alike. If we are going to encourage employment, we are going to have to carry through with reduction of the personal income taxes. It would be lovely if we could reduce other taxes as well, but the previous governments have dug such a hole for us it's impossible.

Have you had any comments about the improvement in the tax situation from foreign companies in your trips abroad?

**Hon Mr Saunderson:** Yes. Once again, when you go to these other countries, you realize how lucky we are to be in this country and in this province. They are quite convinced that their own high taxes — I'm talking about Japan and Germany. Those countries are tending to price themselves out of business, and part of the way they price themselves out of business is their taxes are too high. Therefore they are looking more towards doing assemblies or manufacturing outside their country.

All of the very sophisticated communications equipment that you see in Japan, whether it's calculators or whatever, they're basically being assembled in China because of the high labour costs, and that includes taxes. So we can benefit from that by having lower taxes because we are a more friendly jurisdiction and our labour force has more incentive when they are not paying the high taxes. I'm convinced that lower personal taxes will be our salvation in this province, and you talked about what had happened before.

If I've answered your question, I wonder if I might take some of the time allotted to the Progressive Conservative side here just to say that I've been asking my staff to take a look at the economy in Sault Ste Marie. I wanted to spend a little time, if I could, because Mr Martin was asking some pertinent things about his area and how he'd been out knocking on doors, which, by the way, I think you're wise to do. It's a good way to keep in touch and I do it myself, as I know a lot of people are doing it.

I know that Sault Ste Marie has gone through a difficult period of adjustment in the 1990s, but I think there's evidence that Sault Ste Marie is starting to show signs of economic recovery. Employment is up by more than 4,000 since 1992. This was a figure that was calculated for October 1996. The unemployment rate is 10.1%; that's six points lower than it was in 1992. I know you were in power for some of the period that we're talking about, but I do think the trend is up in your city that you're talking about from an employment rate and an employment figure.

Several capital projects in the area are proceeding along that you should be pleased about. Algoma Steel, which your party was very involved with before, is

expanding, as you know, because of the economic improvement particularly in the automotive industry. St Marys Paper is expanding, and you've talked about that before. There's a widening of Highway 17 going on, or going to go on, which I think is very encouraging for your region. And I did talk about the improvement of the economy, which was estimated to be about 1% this year.

There have been some good things happen in the north, and I wanted to bring those up. In Dryden, Avenor is having expansion to its mill to the tune of about \$92 million; in Ear Falls, a new sawmill, by Avenor again, for \$57 million; Domtar, a plant expansion at Red Rock; Nagagami-Algonquin Power hydro project, a \$45-million expansion announced in February 1996; Lake Erie Steel in Nanticoke, an expansion of \$105 million; Chalk River, \$140 million in production plants there. That's almost in the north. In Espanola, E.B. Eddy, a \$77-million expansion.

I don't think those things would be happening in the north if there wasn't confidence in what this government is doing. So I wanted to raise that with you. I read off some things that are happening up your way, and I don't think they would be happening if there wasn't confidence in what this government is doing.

**The Chair:** I think Mr Spina wanted to get in on the act.

**Hon Mr Saunderson:** I'm very happy to let him in on the act any time. He did a very good job yesterday.

**Mr Joseph Spina (Brampton North):** Minister, the last government stole \$60 million out of the northern Ontario heritage fund.

**Mr Martin:** Stole?

**Mr Spina:** We chose to —

**The Chair:** Mr Spina, could you put your wording in a different way? Things are going so nicely.

**Mr Martin:** We put it into the general revenue.

**Mr Spina:** The previous government chose to remove the —

*Interjections.*

**The Chair:** They're all leaving you, Mr Spina. Go ahead.

**Mr Spina:** The last government chose to remove the \$60-million heritage fund and throw it into general revenue and we chose to return it.

I really can't ask the question until the minister comes back. I'll hold off my question, Mr Chair.

**The Chair:** Would you like me to respond to that one for you? The minister's listening to you. Go ahead. You could have asked it in the ministry today, but go ahead, ask it.

**Mr Spina:** Are we okay? The previous government chose to remove the \$60-million northern Ontario heritage fund and, fundamentally, we restored it. I guess my basic question is, do you feel that restoring that heritage fund will go a long way towards boosting business development in the various cities and towns in northern Ontario? You mentioned some of the expansions that have taken place to date. I was just wondering if perhaps some others might be able to take advantage of the restoration of the northern Ontario heritage fund.

**Hon Mr Saunderson:** I obviously was a part of the decision, and Mr Hodgson is pleased to have that back

again, I might say, but I think what the intention could possibly be is to help in the telecommunications area and in infrastructure in the north. I remember being up there recently and there are a few sites where some good roads have to be established again in order to produce proper ways to communicate and to haul out logging or haul out minerals. That's how that can benefit. Also tourism; I think tourism will benefit.

1710

If you're talking about how that might be used, I think telecommunications to bring them up to speed up up there so they can at least have the facilities to communicate well. As you know, there's so much that can be done by telecommunications, like diagnostics for various diseases or sicknesses. And infrastructure, as I mentioned, and then tourism. Those are the three areas I think they could benefit by.

Is that our time?

**The Chair:** You have a couple more minutes. Ms Elliott wanted to —

**Mrs Brenda Elliott (Guelph):** The question I have is more related to tourism.

**Hon Mr Saunderson:** All right.

**The Chair:** Go right ahead. He is an expert in all that too.

**Mrs Elliott:** It is a question that is reflective of the concerns my constituents are raising about the issue of signage along highways. In my riding of Guelph there isn't a lot of signage at the moment. The one that sticks out in my mind is one that is seen as you approach St Jacob's, advertising the quaint community there.

Some of my constituents have called and said, "We recognize why there might be a greater interest in increased signage, but the last thing in the world we want is beautiful Ontario looking like Florida." No offence to Florida, but that is the picture they have in their minds when they hear our government talking about more signage. I would appreciate, Minister, your point of view about those kinds of concerns.

**Hon Mr Saunderson:** We are embarking on a new signage system for Ontario. It won't be a proliferation and an eyesore. It will be well done. It's a modern system, and there is a company called Canadian TODS that was chosen through a competitive bidding system that will finance and deliver the new system. They have had a lot of experience in implementing systems similar to what we'd like to have in Ontario, and we felt, after the request for proposals, that they were the best, and they were chosen. It has significant Canadian content as well. They'll be installing the new tourism signs. We're in the process of getting an operating agreement with them, but the new system will be starting early in 1997, so you can tell your constituents that.

There are some model signs installed already, and you mentioned one of them, the one down in Kitchener-Waterloo talking about the St Jacob's area.

**Mrs Elliott:** Yes, it's quite lovely. It has really nice graphics and everything on it.

**Hon Mr Saunderson:** The other is the Stratford Festival one. There's also one between Brockville and Cornwall on Highway 401, if you're ever driving down that way, and there are some on major secondary high-

ways, in particular Muskoka highways 118 and 169. So it is happening. I haven't got any samples, but we have them if you'd like to see them.

It's up to a resort or whatever to pay for their own signage. No longer will this be done by the government. I think in early 1997 we're going to start seeing these happen. The one concern is not to have clutter, so they will be tastefully done, but it will be at the expense of whoever wants to advertise their area.

**Mr John C. Cleary (Cornwall):** I'd like to talk a little bit more about signage. Whom does that company have to get the approval from to put up the signs? Is it MTO? Who gives the approval?

**Hon Mr Saunderson:** It would be the MTO.

**Mr Cleary:** That's been a challenge in the past. We've got all kinds of reasons why signage couldn't go up before. I was just wondering if they were going to relax some of those reasons why business could get signs up.

**Hon Mr Saunderson:** The feeling is that signs can visually impair drivers, and we don't want that to happen. That's why MTO has to have involvement in that. Obviously our own ministry, from a tourism and economic development point of view, will also be involved, so I guess it's a partnership between a few ministries.

Our own ministry is certainly leading a cooperative effort with the tourism industry and MTO to develop and deliver this new system. We've worked very closely with the tourism industry over the last two years to come up with a system they are happy with, and I think they are. We've had representatives from I think 10 tourism associations from across the province as well as our own ministry staff and staff of the Ministry of Transportation.

As an example, I know Resorts Ontario has been involved, Ontario East, Festival Country. These are the kinds of organization we've worked with on signage. I realize it's a very important subject for all areas of Ontario because they want to benefit from the tourism traffic, but I think it's important to remember that we want safe and efficient movement of people and goods, so we don't want signs in any way to impair people's vision.

**Mr Cleary:** I know it's not your ministry but I wonder what your feelings are on the six- and seven-foot grass along our provincial highways. It doesn't seem to be very attractive to tourism. I just wanted your opinion on that. Sometimes it's as high as the signs.

**Hon Mr Saunderson:** I have to say that in my travels I have seen very attractive growth on the sides of highways.

**Mr Wettlaufer:** Crown vetch.

**Hon Mr Saunderson:** Yes, it's attractive stuff. I think it's been over the previous few years that MTO has been adopting new roadside vegetation management to meet some resource constraints: scaled-back mowing, more efficient ways of managing roadside vegetation, that's been going on for a few years. It didn't start with us. Previous governments have been doing this.

If you travel in other parts of the world you will see that you don't need to have finely mown grass for things to look attractive. I think there are higher grasses that don't need the care that can look just as attractive, and it's less costly to have this. Pampas grass is the thing I



was thinking of. It grows very high and it's very attractive. I come back to the Japan trip, but we saw that type of growth on the highways. It's a very attractive form of vegetation.

**Mr Cleary:** Is the adopt-a-highway program going to come into place? There would be a group for many years, service clubs or volunteers, trying to take on projects like that. Is your ministry going to be involved in that?

**Hon Mr Saunderson:** I've never understood what "adopt a highway" means. I don't mean to be lighthearted about it, but if you can explain it to me — I see that the signs are up. Who goes out and maintains these signs?

**Mr Cleary:** The group that was in to see me told me, and they gave me the shirts and everything to go with it, "We had been trying with the previous government to get this under way." It means that a service club or group would take on a section of a highway. They'd put up a sign that they maintain at traffic circles or somewhere else and they would be responsible for the grass-cutting and planting if there were any flowers or whatever.

**Hon Mr Saunderson:** I can see that on secondary highways. I would worry that on major highways, in particular our 400 series highways, it could be dangerous to do that. But I'm not an expert on this; it's really not our ministry. I don't think I can answer any better than that.

1720

**Mr Cleary:** It may not be your ministry but it's very attractive to tourists.

**Hon Mr Saunderson:** Yes, I understand.

**Mr Cleary:** Would you have that same feeling if it was at a traffic circle and a service club wanted to get involved?

**The Chair:** Adopt a circle.

**Hon Mr Saunderson:** I can understand that when we have people coming into the province and tourists drive along our highways and they see that there's a lot of litter or they're not tidy, then it's not a good advertisement for the province. But I think our highways are quite well maintained. I've always felt that, regardless of what government is in. I actually like the fact that you can have vegetation that doesn't need to be maintained all the time. It's a cost saving and yet it's attractive.

**Mr Cleary:** They told me they would be responsible for the litter too, this group I had been in discussions with.

**Hon Mr Saunderson:** On major highways, on the 400 series highways, and this is strictly my own personal feeling from a safety point of view, I'd be a little worried about people trying to pick up litter where you have such fast-moving vehicles. I can see it happening on smaller highways. I think it's very commendable for people to want to clean up.

**Mr Cleary:** Since last speaking to you, do you have anything new to tell me on the closed parks in eastern Ontario?

**Hon Mr Saunderson:** No. Over the last two weeks I can't tell you anything more about the parks.

**The Chair:** Tell him about the Japanese parks.

**Mr Cleary:** Yes, tell us about them.

**Hon Mr Saunderson:** One of the things about Japanese highways is that they're very crowded. I did not see any parkettes or parks, to speak of, over there.

On your situation, I think I've explained it before, it's a financial situation. We are looking for some participation, but with the private sector and the St Lawrence Parks Commission. I don't think anything has changed since we last had that question in the House a couple of weeks ago.

**Mr Cleary:** Well, I could tell you something new.

**Hon Mr Saunderson:** Oh, good.

**Mr Cleary:** Since that period of time the municipality and a group of people had at least walked through the parks and were surveying their costs and they're still interested. It must be with the bureaucrats right now. At least that's what they tell me.

**Hon Mr Saunderson:** If people are looking at these parks, that's fine. As you know, we're doing a program review of all agencies, boards and commissions within my ministry and probably within the government. I guess we'll have to wait to see the results of these studies. But I think what you say is very encouraging.

**Mr Cleary:** Well, it happened within the last week.

**The Chair:** It will happen when he goes away.

**Hon Mr Saunderson:** That's what happens; all the good things happen.

**Mr Cleary:** Yes, that's right.

**Hon Mr Saunderson:** But anyway, you're back in your constituency too, and that's good.

On the subject of tourism, if I may: We don't have any offices abroad any more; the previous government closed them. In Germany, the United Kingdom, France, the United States and Japan we have organizations that we contract with to represent us. This is probably the most economic way to attract tourists from abroad, having these people we contract with. They really are people on the ground over there, and I think they do a very good job.

A very interesting statistic is that last year almost 350,000 people from Japan visited Ontario, which is a large number of tourists. That's as many as they get in British Columbia, roughly, and they have the great ski area of Whistler, which is very attractive to the Japanese. So I think we're not doing badly.

Therefore, I was asked the question of whether we would ever have offices open again overseas. My answer is, "Probably not." But if we could find the same type of situation or relationship as we have with the people who represent us from the tourist point of view abroad, we could have people representing us from a business-development point of view abroad. It's a lot cheaper to do that than opening offices again. Now, that's down the road, but that's something I would certainly consider again.

**Mr Cleary:** Okay, my next question is, is there anything new on that Ontario tourism group, where dozens and dozens of volunteers worked so hard to put that plan together? It apparently wasn't satisfactory to you. You had told me a few things a few weeks ago.

**Hon Mr Saunderson:** Yes. After I spoke to you, I sent a letter dated November 6. It was to members of the Ontario tourism industry. I would be pleased to make a

copy of this letter available to you, because I think it explains that I was able to announce the co-chairs and the 11 industry members of the new tourism marketing task force which has been created, to be co-chaired by Cameron Hawkins, the executive vice-president of Journey's End Corp, and Mr Grahame Richards, our assistant deputy minister of marketing and trade in our ministry.

I'll tell you what the mandate of the tourism marketing task force is. It's to identify common objectives in terms of Ontario's future share of domestic and international tourism markets; developing consensus in consultation with industry stakeholders on a provincial marketing plan, with short-term and long-term strategies to achieve our tourism marketing objectives; identify costs and benefits associated with the proposed marketing plans to achieve the objectives; and undertake an analysis to determine the barriers to achieve the objectives, including identifying options for new partnerships that will leverage more funds from industry, the Canadian Tourism Commission and non-traditional partners.

I expect that this task force will present recommendations early in 1997.

**The Chair:** Do you want to put a quick question?

**Hon Mr Saunderson:** The first meeting of this task force will be November 28, and we'll get a final report early in 1997. This is a fast-acting group of people. It has now been established and it is now at work. Early in the year, we should get a report from them.

**The Chair:** I think he has exhausted your time, Mr Cleary. I was trying my best to get in one for you. Mr Martin.

**Mr Spina:** Is there a question this time?

**Mr Martin:** I'm not sure. We're never sure until we get down the road a little way. We got to a point, I think, in this a few days ago where it became obvious that it didn't matter what the question was, the answer was always the same.

**Hon Mr Saunderson:** The questions tend to be the same too.

**Mr Spina:** This is your last kick at the can.

**Mr Martin:** This is my last kick at the can, that's right.

**Mr Spina:** We burned up your time for you.

**Mr Martin:** That's okay. I don't mind. I think you guys in the — well, I don't like the term "back bench," but I'm there myself, I was there myself, and I guess we're all in the same boat. You probably have more sensitivity to what I'm talking about than the minister does, because they tend to be somewhat distanced from reality in their ministries and don't get the time that you get to go back to your constituencies and talk with the people who are impacted directly by the decisions that are being made. I suggest you probably don't fully understand the implication of what's going on.

*The division bells rang.*

**Hon Mr Saunderson:** We don't have to go. It's a quorum call, apparently.

**The Chair:** Actually, it's okay. But if it's a quorum call, you can respond to that. I think they're back.

**Mr Martin:** I just wanted to go back a bit to comments that you made a while back on the economic situation that we find in Sault Ste Marie today, because

I think it reflects to some degree the reality that we see around the province. Yes, there are pockets of good news and, yes, unemployment is between 10% and 11%, which still isn't acceptable. It's lower than it was in the early 1990s because of a lot of work, a lot of very difficult and important work, done by the management group of many of the major corporations in our city, by the workers, the organized workers, the United Steelworkers of America, Canadian energy and paperworkers. With some help from the then New Democrat government we restructured a whole lot of the basic foundational industrial pieces of Sault Ste Marie. I've talked about that before. That's beginning to pay off. That's beginning to show some progress, so employment is getting better because of that.

1730

Besides that, as a government, we were instrumental with many of the vehicles that were in place then that are no longer in place because of the cuts you've made to your ministry and to some other ministries. We were able to attract a number of other industries. We were able to create an environment in Sault Ste Marie that was very positive for the tourism industry, for example. If any of you have visited Sault Ste Marie lately and have walked the waterfront you'll see that it is much different than it was 10 or 15 years ago. It's quite a nice place, actually, to walk. That is very attractive to tourists and it's also very healthy for the people who actually live in Sault Ste Marie. It gives them a feeling of some confidence.

What I want to talk about more specifically, and I brought this up yesterday and you weren't here, Minister, is a study that was done by the labour council that shows that because of the decisions you're making in the downsizing of government, by the time you're finished, by the time your first term is up, we are going to be down some 1,700 to 1,800 jobs in Sault Ste Marie, directly attributed to the decisions you're making. I guess I'm wondering where and how we're going to replace those jobs, because the people you're putting out of work are highly qualified people, many of them mature, in their forties and fifties, who have worked very hard in a particular field for a number of years and who are now finding themselves either having to go on the system in one way or another or leave town to get a job in their chosen field.

The concern they and others have in the community, as I shared the last time around, is that there are no jobs opening up either for their sons and daughters. There are no jobs for people to come home to in Sault Ste Marie. So where the indicators may be more positive than they were in the early 1990s, 1991-92, when we were going through the major restructuring, they're not as good as they could have been had you not made the cuts that you did.

Which brings me actually to the point I want to talk to you about this round, and again it's very parochial and very Sault-Ste-Marie-specific, but I think it has application and ramification other places. It's the question of the Ontario Lottery Corp. The Ontario Lottery Corp was brought to Sault Ste Marie —

*Interjection.*

**Mr Martin:** Your favourite subject. Mine too these days. As a matter of fact, it is to be discussed at municipal council in a few days.



The Ontario Lottery Corp was brought to Sault Ste Marie in an effort to stimulate the economy of that part of the province. There was a sense that there was no need to have everything that was either directly or indirectly connected to government always in Toronto. For a myriad of reasons it made all kinds of sense to shift that operation outside of Toronto, and Sault Ste Marie was fortunate in being chosen as the location for that enterprise.

There was all kinds of documentation done at that time to indicate how it would positively impact the economy of Sault Ste Marie, and in fact it has. Any of the annual reports that have come out talk very specifically of the enhancement of all kinds of small businesses in Sault Ste Marie because the lottery corporation was located in the Sault; the printing business, for one, among a whole host of other small businesses that provided services and resources to the lottery corporation.

It also spoke to the rest of the province and Canada and the world about the potential that was in a place like Sault Ste Marie for other high-tech industries to locate, because the lottery corporation is involved very much at the high-tech end of the industrial scale. So in Sault Ste Marie we looked on the lottery corporation as something we could build a future on.

For example, there's a group in the Sault called Bridges which is a connector between Lake Superior State University, Algoma University and Sault College, looking at new ways that they could provide educational opportunity to people and relate it somehow directly to some of the industrial and business activity in Sault Ste Marie and area. They have put on over the last two or three years some very successful workshops and conferences and training opportunities in the area of running lotteries and the lottery business, and are hoping to continue to do that, using the Ontario Lottery Corp as a base for that and the professionals who work in that industry as some of the people who would teach and share their experience. That's just a little example of the kind of spinoff activity.

In reading the terms of reference that you so graciously provided, and I thank you for that, on my request at a meeting a couple of weeks ago — and I've shared it with a lot of people, talked with the mayor of Sault Ste Marie about it a few days and we went through it — it's obvious that what you're looking for are ways to hive chunks of that off, if not the whole thing, and turn it over to the private sector.

I don't know what that means for Sault Ste Marie. There's no reference in the terms of reference as to the impact that will have on my community — absolutely no reference whatsoever. There's no request for that consultant to do some homework and dig up some material and make some comment on the impact of privatizing any part of that corporation on the community of Sault Ste Marie. You'll understand this, Joe, because you've been up there and you know how important that corporation is to our city.

Any tinkering with that which takes some of that away or diminishes it as one of the major employers in our community will have major impact in about five or six different ways. I'm not going to go into it here today. I

think all of you can imagine how that would impact on the people in my community in that many ways: the loss of jobs, the loss of tax base, the loss of business in restaurants and grocery stores, the loss of opportunity for people who, for example, print tickets or provide paper and paper clips and cleaning services and all of that. It goes on and on. The impact is a major ripple effect and it will be serious to Sault Ste Marie.

To me it's typical of the kind of slash and burn that's going on, the very short-sighted approach to simply turning things over to the private sector and thinking that will make everything better and will create more jobs and the economy will somehow build up a head of steam and we'll all have jobs and everybody will be well forever after.

You put that into the context of what you're doing in the area of gaming and gambling in the province, the introduction of video lottery terminals, which we see as a bad idea, for all the reasons that have been laid out in the House as people have spoken to that bill. It will take away from the very excellent job that the lottery corporation is doing at the moment because it cuts into that dollar that's spent in that way. You look at what you're going to do in the area of permanent charitable casinos and how that will again take away from what we saw as an excellent opportunity to introduce, in a very thoughtful, well thought out way, larger, more permanent casinos into the province, which we in Sault Ste Marie thought we would be the benefactor of.

#### 1740

In Sault Ste Marie we've been asking our government and your government for the opportunity to put a casino in our city so we can keep some of the dollars that are literally flowing across the river into Sault, Michigan, right now so we can benefit from the economic spinoff that would create, and there's no answer coming.

In the Sault we look out and see a government that's introducing video lottery terminals, that's introducing permanent charitable casinos, that's looking at privatizing perhaps parts of the Ontario Lottery Corp. We've asked for what we thought would be a very positive, constructive and manageable opportunity to the Sault, which is the casino. We've had a referendum in the Sault that showed that close to 60% of the people agreed that it would be a good thing, and you won't do it. You won't give us that green light. You've done it for Niagara Falls, and we laud you for that, but you won't do it for Sault Ste Marie.

Can you put those pieces together for me and explain to me why you would do such a thing that is going to be so negative and destructive to my little community?

**Hon Mr Saunderson:** First of all, you used the term "slash and burn." We're not slash-and-burn artists. We're not even slashing and burning. We're trying to make Ontario a much better jurisdiction in which to work, to visit etc.

You want to know about the Ontario Lottery Corp. First of all we're having what we think is a sound business practice with an ongoing review with the OLC. We are not considering total privatization of it. We've hired a consultant, a very wise person, to take a look at

the situation. I suppose there could be some private sector involvement. I don't see why it would not necessarily be in Sault Ste Marie.

We did a review in April 1996 and found \$36.5 million savings possible through greater administration efficiencies, and I think that's to be lauded. There's nothing wrong with that. We have met with our board of directors — I have. They are all free-enterprise executives now on that board, and I'm convinced that the recommendations will make sense. We're doing this with all agencies of government, and I think the OLC does a good job.

**Mr Martin:** Are you, Minister, going to analyse and assess the impact of these decisions on the community of Sault Ste Marie? Are you going to go beyond enterprise and actually look at the impact of your decisions? You said \$35 million, \$36 million. That's a lot of jobs. That's primarily jobs out of Sault Ste Marie, and people who are no longer working, who are collecting EI, who are not paying taxes the way that they were before, have you put that into the mix and do you intend to put that into the mix of this study?

**Hon Mr Saunderson:** I think we're a reasonable government and that we consider those things. Now I just want to respond quickly to the questions that were raised.

VLTs are going to be phased in sensibly. You know our policy on casinos. There has to be a province-wide referendum. You've already had your own referendum, and that is good for you. We'll have to see how the province-wide referendum goes. I remind you, when your party criticizes the gambling changes we're making, that you brought legitimate gambling into Ontario, and we're just going to make it better.

**Mr Wettlaufer:** The government side has no more questions, Mr Chair. Perhaps the minister would like to take a few minutes to wrap up.

**Hon Mr Saunderson:** Thank you very much, Mr Wettlaufer. I'd just like to conclude my remarks about this process of estimates that we've been going through for 15 hours. I've found it a very interesting experience in that it's a way of having a dialogue between the three political parties that probably isn't afforded to us in the House to this extent. I find this process a very pleasant and agreeable one.

I would like to thank the Legislature staff for their work in these estimates that we've been involved in, Mr Chairman and the other ones who have helped you. I'd like to thank the participants of all the political parties for their involvement because I think there's always been a good discussion in the process here.

I'd like to thank the staff of the Ministry of Economic Development, Trade and Tourism for the work they did to provide me with information that I found essential. I'd also like to thank them for providing information for some of the questions that were raised in this process.

I've listened to the comments of all the speakers over the term of these hearings and I know that Messrs Spina and Grimmett did yesterday as well. We've noted the comments that were made, particularly by the opposition parties, and we will factor those into our decisions as a government.

I believe strongly that we are doing, as a government, what should be done. I know we sometimes had to say we agree to disagree, to Mr Martin as an example, but I think what we're doing is the right thing. We are getting out of the face of business and letting business operate, I hope, in a way that's going to bring jobs and economic growth to this province.

I support particularly what my own ministry is doing. It's become a different ministry since we became elected. It's a downsized ministry and it's spending less but I think it's doing better. That's what we're all in this process to do.

With those comments I would like to conclude my participation in these estimates. It's the second time we've done this in a year, but this was a full estimates process, and I think it's a good example of how the democratic system should work.

**The Chair:** Thank you very much, Minister. Before I call the vote, I wish to thank all those who participated. The clerk has been of great assistance to me, and members and staff. Your staff conducted themselves very well. As bureaucrats could be, they were excellent.

**Hon Mr Saunderson:** Thank you.

**The Chair:** As you know, this is the end of the estimates for all ministries. We have two votes to be called in these estimates, then this and all the other estimates will be reported to the House.

I have votes 901 and 902. Shall they be carried? Carried.

Should I report these estimates to the House? Agreed. That being the case, I shall report to the House not only this one, Minister, but all the other estimates. I feel a bit sad that it's all over. I was enjoying it myself.

**Clerk of the Committee (Mr Franco Carrozza):** We'll be back in the spring.

**The Chair:** We'll come back in the spring if the government allows us to. Therefore, ladies and gentlemen, we stand adjourned until then.

*The committee adjourned at 1749.*









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**Vice-Chair / Vice-Président:** Cordiano, Joseph (Lawrence L)

\*Mr Toby Barrett (Norfolk PC)  
Mr Gilles Bisson (Cochrane South / -Sud ND)  
\*Mr Jim Brown (Scarborough West / -Ouest PC)  
Mr Michael A. Brown (Algoma-Manitoulin L)  
\*Mr John C. Cleary (Cornwall L)  
Mr Joseph Cordiano (Lawrence L)  
\*Mr Alvin Curling (Scarborough North / -Nord L)  
\*Mrs Brenda Elliott (Guelph PC)  
Mr Morley Kells (Etobicoke-Lakeshore PC)  
Mr Peter Kormos (Welland-Thorold ND)  
Mr E.J. Douglas Rollins (Quinte PC)  
\*Mr Frank Sheehan (Lincoln PC)  
Mr Bill Vankoughnet (Frontenac-Addington PC)  
\*Mr Wayne Wettlaufer (Kitchener PC)

*\*In attendance / présents*

#### **Substitutions present / Membres remplaçants présents:**

Mr Bert Johnson (Perth PC) for Mr Rollins  
Mr Bill Grimmett (Muskoka-Georgian Bay / Muskoka-Baie-Georgienne PC)  
for Mr Vankoughnet

#### **Also taking part / Autres participants et participantes:**

Mr Tony Martin (Sault Ste Marie ND)  
Mr Joseph Spina (Brampton North / -Nord PC)

**Clerk / Greffier:** Mr Franco Carrozza

**Staff / Personnel:** Mr Steve Poelking, research officer, Legislative Research Service

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**Vice-Chair / Vice-Président:** Bartolucci, Rick (Sudbury L)

Mr Toby Barrett (Norfolk PC)

\*Mr Rick Bartolucci (Sudbury L)

\*Mr Gilles Bisson (Cochrane South / -Sud ND)

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\*Mr Gerard Kennedy (York South / -Sud L)

Mr Peter Kormos (Welland-Thorold ND)

Mr Allan K. McLean (Simcoe East / -Est PC)

\*Mr E.J. Douglas Rollins (Quinte PC)

\*Mr Frank Sheehan (Lincoln PC)

\*Mr Bill Vankoughnet (Frontenac-Addington PC)

Mr Wayne Wettlaufer (Kitchener PC)

\*In attendance / présents

**Clerk / Greffier:** Mr Franco Carrozza

*The committee met at 1530 in committee room 2.*

#### ELECTION OF CHAIR

**Clerk of the Committee (Mr Franco Carrozza):** Members, I call upon you to name one of your members for the position of Chair. Can I have nominations, please.

**Mr John C. Cleary (Cornwall):** I move Gerard Kennedy as Chair.

**Clerk of the Committee:** Thank you. Are there any other nominations? There being no other nominations, I declare Mr Kennedy elected Chair. Would you please take the chair.

*Interjection.*

**The Chair (Mr Gerard Kennedy):** Yes, Chair of estimates: I've had my eye on this for a long time.

#### ELECTION OF VICE-CHAIR

**The Chair:** I call for nominations for the position of Vice-Chair of the estimates committee.





**Mr Cleary:** I nominate Rick Bartolucci.

**The Chair:** Mr Cleary nominates Mr Bartolucci. Are there any other nominations? There being no other nominations, I declare Mr Bartolucci elected as Vice-Chair.

There being no other business or items before the committee, this committee stands adjourned until it's called.

*The committee adjourned at 1532.*

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### **Standing committee on estimates**





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**Legislative Assembly  
of Ontario**

First Session, 36th Parliament

**Assemblée législative  
de l'Ontario**

Première session, 36<sup>e</sup> législature

**Official Report  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON  
ESTIMATES

Wednesday 14 May 1997

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Mercredi 14 mai 1997

*The committee met at 1532 in committee room 1.*

## APPOINTMENT OF SUBCOMMITTEE

**The Chair (Mr Gerard Kennedy):** We'll commence the meeting. If there is anyone nearby wishing to attend, we're now going to commence.

Thank you for your attendance at this organization meeting. We have two items on the agenda, and just ahead of that I want to introduce to you Rosemarie Singh, who is our clerk for the committee. I wonder if Rosemarie would like to introduce the other staff that we have for the committee today.

**Clerk of the Committee (Ms Rosemarie Singh):** From legislative research, it's Steve Poelking, and from Hansard, Maureen Murphy.

**The Chair:** I will ask Ms Lankin regarding the next item of business.

**Ms Frances Lankin (Beaches-Woodbine):** I move that a subcommittee on committee business be appointed to meet from time to time at the call of the Chair or at the request of any member thereof to consider and report to the committee on the business of the committee;

That the presence of all members of the subcommittee is necessary to constitute a meeting; and

That the subcommittee be composed of the following members: Mr Kennedy as Chair, Mr Cleary, Mr Grand-maitre and Mr Bisson.

**The Chair:** Is there a seconder for the motion? Mr Bartolucci.

All those in favour? Any opposed? The motion is carried.

## ESTIMATES REVIEW PROCESS

**The Chair:** The second item of business: The clerk has provided for all members excerpts of standing order 59. It sets out the process for the selection of estimates by the committee. Essentially each one of the three parties on the committee can select one or two ministries to be considered in two rounds. We begin with the official opposition, then to the third party, then to the government party.

In the first round, the official opposition could select one or two ministries for review for a total of 15 hours. If one is selected, that single ministry could be reviewed to a maximum of 15 hours. If two are selected, both of them could be reviewed for the combined maximum of 15 hours, and how the division of that 15 hours works is up to designating party.

It works the same way for each of the two rounds so that, at the end of the time, the committee has selected anywhere between six and 12 ministries for review.

Those ministries not selected today are deemed to have been adopted by the committee, and I will then make a report to the House reporting those estimates. They are deemed to be adopted and concurred in by the House, and then the committee, by the third week of November this year, must make a report to the House on the estimates it selected and considered.

For today, we simply need each of the parties to make their designations and for the committee to consider by what date we wish to commence the consideration of those estimates, taking into account the preparation time for ministries and for the critics to prepare for the beginning of those considerations.

Is there any further explication required? If those provisions are reasonably clear, then perhaps I could call upon Mr Cleary from the opposition to begin.

**Mr John C. Cleary (Cornwall):** We've decided to pick Health for 12½ hours and the Office of the Premier for two and a half hours on the first round.

**Ms Lankin:** For the first round, Natural Resources — I didn't do the time on this, just give me a second — for seven and a half hours and Attorney General for seven and a half hours.

**The Chair:** For the government party.

**Mr Bill Grimmett (Muskoka-Georgian Bay):** We would choose Intergovernmental Affairs for the full 15 hours.

**The Chair:** Now we begin the second round, and I'll ask Mr Cleary again for your selections.

**Mr Cleary:** On the second round we would pick Education for seven and a half and Transportation for seven and a half.

**The Chair:** Thank you, Mr Cleary. Ms Lankin.

**Ms Lankin:** Citizenship, Culture and Recreation for seven and a half and Environment and Energy for seven and a half.

**Mr Grimmett:** The government would pick Agriculture for the full 15 hours.

**The Chair:** We have now the selections for the work of the committee and it only remains to suggest the date by which it could begin. Because the House does not sit next week, we're off for constituency week, I propose we begin the week following with the first selection. Is there general concurrence of the committee?

**Mr Grimmett:** The government would prefer to commence on the 10th. This would give the ministries some further time to prepare. Also, the ministers concerned may need time to rearrange their schedules, so we're suggesting June 10.

**The Chair:** That's a decision for the committee to make. The suggestion from the government party is that

they would like to wait four weeks for the commencement of examination of estimates. Is that correct?

**Mr Derwyn Shea (High Park-Swansea):** Sure.

**The Chair:** Until June 10.

**Mr Grimm:** That's correct. June 10 would be our suggested starting date.

**The Chair:** That has been proposed. Discussion?

**Ms Lankin:** I would certainly oppose that on behalf of our caucus. Just from my own experience, having been in government and a minister, if you have gone through the whole process of budget setting, you're ready for estimates. All of the material is there. Certainly the ministers have two weeks to rearrange their schedules. Virtually the whole time I was Minister of Health I knew that I would probably be the first one up. I think Mr Wilson knows the same thing. I don't think it's necessary.

I think all that does, from the government's perspective in delaying the onset, is ensure that there is a lesser amount of time overall until we arrive at November that is given to the review of the estimates. So I would oppose that.

**The Chair:** I'll entertain some more discussion before we seek a motion. Any other discussion?

**Mr Michael A. Brown (Algoma-Manitoulin):** I would agree with Ms Lankin that this is just a way to keep the committee from getting to examining the estimates. It will mean there are fewer hours for us to proceed through the examination of the estimates. In the view of many members, these are among the most important committee meetings and public meetings that we attend. I really see no reason why the government would not be able to be ready by two weeks from today.

**Mr Cleary:** I think two weeks' time is reasonable too. I know there are lots of questions to be answered and I think the sooner we get at it the better. Two weeks sound reasonable.

**Mr Shea:** I must say I concur with Mr Grimm's motion. Four weeks does give adequate time, I think, for all ministries to prepare to give appropriate response to this committee. I think that's due diligence. Although I've not been a minister, and I confess to that, at least in one setting, I think four weeks probably is an appropriate time frame for us.

*Interjection.*

**The Chair:** Well, we're here on an organization meeting. We like to proceed with consensus if we can, but it doesn't appear we have that, so I'll entertain a motion for when the commencement of the first ministry will take place.

**Mr Grimm:** If I could, Mr Chair, in the spirit of compromise, perhaps we could agree to June 3 as the time. We could meet halfway.

**The Chair:** In this informal discussion is there any reaction?

**Mr Michael Brown:** That's fair.

1540

**The Chair:** Any further discussion?

**Mr Michael Brown:** I'm not certain. Is there any precedent for how these committees are ordered? This is an estimates committee; it's not a committee that is directed by House leaders etc. So is there any precedent in how we hear these estimates? Obviously, or maybe not

so obviously, it's usually in the government's interest not to have these before us, so if you're going to permit a government majority to dictate when you hear the estimates, then of course there could be a problem. I just wonder if in the history of this committee there is a precedent for how we deal with estimates.

**The Chair:** We're checking on the answer. I have checked on previous committees. Previous committees have started generally within two weeks of the time at which the selection has taken place. That was what I was proposing as a standard that had been followed in the past and was hoping for the consensus around that administrative item. I'm just going to confer a little further.

I don't have direct precedent for you from the minutes that I have read of previous meetings, and I could perhaps report on this at a later date, but it is, we understand, the decision of the committee rather than the Chair as to when we would start. Again, seeking consensus, looking for that, is there any other further comment about this? I don't wish to inordinately delay an administrative matter either.

**Mr Grimm:** We feel a three-week period is reasonable, and it's our understanding from our source that last year at this time we started three weeks after the first meeting. So that's our position.

**Mr Rick Bartolucci (Sudbury):** We're trying to get this committee off to a good start and see if we can arrive at some consensus. Obviously the opposition would like to start in two weeks. That's obviously not going to happen. Let's try to reach a consensus that we begin on June 3.

**Ms Lankin:** I'm not in agreement with that. I think two weeks is the standard. I think two weeks is reasonable. I think this is just silliness on the part of the government.

At this point in time is there a motion in front of us?

**The Chair:** There is not.

**Ms Lankin:** I would actually like to place a motion that the committee begin in two weeks' time.

**The Chair:** I have a motion. Do I have a seconder? Mr Bartolucci.

We have had some discussion. Is there further discussion of the question?

**Mr Shea:** Can we just hear that motion again, Chairman?

**The Chair:** The motion is that the committee commence its deliberations in two weeks from today's date.

**Mr Shea:** You would accept an amendment to that?

**The Chair:** I am obliged to accept amendments.

**Mr Shea:** Striking the date and inserting therein "June 3." I think that was the date we talked about. That would be the third week?

**Ms Lankin:** That actually runs contrary to the intent. You know the intent is to have it in two weeks, not three, so that would be out of order.

**The Chair:** I think because it is a simple motion dealing with a date, I cannot accept that specific amendment. We'll deal with the motion and then we will proceed to what other preferences may exist within the committee.



**Mr Shea:** I won't challenge the ruling. I think you're wrong, but that's okay.

**The Chair:** We have a motion. Any further discussion? If there is no further discussion, all those in favour? Any opposed? Okay. I'll invite another motion.

**Mr Bartolucci:** I move that the estimates committee begin the study of estimates on June 3.

**The Chair:** A motion has been put that the date of deliberation be June 3. All in favour? Those opposed? With that vote, it concludes our business.

**Mr Michael Brown:** I guess we don't know right now, but does this committee occasionally sit during intersession to hear estimates?

**The Chair:** It needs to seek permission to sit in the intersession period and there is precedent for that. It is granted from time to time.

Having no further business, I declare the meeting adjourned.

*The committee adjourned at 1546.*

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Mr Ed Doyle (Wentworth East / -Est PC)  
Mr Bill Grimmert (Muskoka-Georgian Bay  
/ Muskoka-Baie-Georgienne PC)  
Mr Morley Kells (Etobicoke-Lakeshore PC)  
Mr Gerard Kennedy (York South / -Sud L)  
Ms Frances Lankin (Beaches-Woodbine ND)  
Mr Trevor Pettit (Hamilton Mountain PC)  
Mr Frank Sheehan (Lincoln PC)  
Mr Bill Vankoughnet (Frontenac-Addington PC)  
Mr Wayne Wettlaufer (Kitchener PC)

**Substitutions present / Membres remplaçants présents:**

Mr Derwyn Shea (High Park-Swansea)

**Clerk / Greffière:** Ms Rosemarle Singh

**Staff / Personnel:** Mr Steve Poelking, research officer, Legislative Research Service

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First Session, 36th Parliament

**Assemblée législative  
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Première session, 36<sup>e</sup> législature

**Official Report  
of Debates  
(Hansard)**

Tuesday 3 June 1997

**Journal  
des débats  
(Hansard)**

Mardi 3 juin 1997

**Standing committee on  
estimates**

Ministry of Health

**Comité permanent des  
budgets des dépenses**

Ministère de la Santé



Chair: Gerard Kennedy  
Clerk: Rosemarie Singh

Président : Gerard Kennedy  
Greffière : Rosemarie Singh



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## LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON  
ESTIMATES

Tuesday 3 June 1997

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Mardi 3 juin 1997

*The committee met at 1601 in committee room 2.*

## MINISTRY OF HEALTH

**The Vice-Chair (Mr Rick Bartolucci):** I'd like to call this meeting to order, and first of all welcome you to this year's edition of the standing committee meetings on estimates.

I'd like to start by introducing the committee members very quickly, starting with the government side: Bill Grimmer, Marcel Beaubien, John O'Toole subbing in, Frank Sheehan, Bert Johnson subbing in, Trevor Pettit and Bill Vankoughnet; the official opposition: John Cleary, and Gerard Kennedy, who normally is the Chair of this committee, but because he is the Liberal critic for health care, he will be assuming that role during Health estimates; and of course Marion Boyd, who is the Health critic for the NDP.

I'd also like to introduce the legislative staff at this time. We have Rosemarie Singh, who is the committee clerk; Steve Poelking, the research officer; and Beth Grahame from Hansard.

The agenda is as follows. We will start with the minister's presentation for 30 minutes, then the official opposition will have 30 minutes, the third party will have 30 minutes and finally there will be the minister's response for 30 minutes.

At this point in time I'd like to introduce Jim Wilson, the Minister of Health, welcome him to the committee and ask him if he wishes to introduce his staff. Minister, you have from now until 4:33.

**Hon Jim Wilson (Minister of Health):** Thank you, Mr Chairman, and members of the committee. I am pleased to appear before you again this year to review the estimates for 1997-98. I have with me today the Deputy Minister of Health, Mrs Margaret Mottershead.

I am grateful for the opportunity to discuss the achievements of the Ministry of Health and our government in health care over the past two years and our direction for the coming years. We are here to put the needs of the patients and clients first, the needs of people who need care in our system not just today but tomorrow and in the future.

Copies of my remarks are currently coming off the photocopier and will be available to members.

To meet patients' needs we must ensure that our health care system adapts successfully to the changing needs of a growing and aging population. We must ensure that we continue to provide the resources to do what is necessary to provide care. The challenges facing the health care system in Canada are considerable. Our population is aging, and as it ages, patients' needs change and the demands put on the health care system change.

Developments of new technologies continue at an astonishing pace. New procedures and treatments are being introduced, it seems, almost on a daily basis. What was considered ground-breaking medical treatment a generation ago is now obsolete medical treatment; diagnostic procedures that were state of the art a decade ago are now commonplace. Through medical advances, new drugs and technology, people are spending less time in hospitals and are recovering at home and receiving services in the community. Our health care system has to reflect these changes.

As the system adapts to changes, so too must governments. The government's role in the system is to ensure that the needs of patients and clients are met with a quality health care system. Our job is to provide a high-quality health care system to the people of this province and to be part of Canada's national medicare system.

For the first time in a very long time, our government is putting the needs of patients first to ensure that they get the right care at the right time in the right place, now and in the future. Our government's vision for health care is truly an integrated health care system — that's the direction in which we're going — one in which everyone from doctors to nurses to hospitals to other health care providers are working together to provide services where and when you need them. To make this plan a reality, we are renewing and improving Ontario's health care system now.

I am proud to report that we continue to lead the country on per capita spending. Ontario spends, on average, almost 20% more per capita on health care than any other jurisdiction in Canada. In the most recent budget, health care spending rose another \$400 million dollars, from our campaign commitment of \$17.5 billion to a record \$17.8 billion, the highest amount ever spent on health care in this province.

Beyond the record-level program spending, we are also providing over \$2 billion dollars to assist hospitals with the cost of changes such as severance, labour adjustment, job retraining and education, capital and other costs. This increase in funding is despite the \$2.1-billion in reductions in health care transfers from the federal Liberal government.

Money issues are always at the centre of a discussion of health care, but there is a consensus within the health care system that the amount of money being spent on health care is sufficient to meet the needs of the patients and maintain a high-quality, accessible system. I'm pleased to say that those sentiments about spending enough money on health care were echoed in my office just two weeks ago by the Ontario Nurses' Association, who made it very clear that we're spending enough on

health care; we just have to get our spending right and get our resources directed to the patients and the front-line providers.

For example, in the Toronto Star last December, Professor Greg Stoddart

of McMaster University said, "We are not using the money we have in the system as well as we could."

In its pre-budget submission, the United Senior Citizens of Ontario put it this way: "We feel there is enough money being spent on health care in this province, but it is not being spent efficiently."

Yet another observer of public policy said: "I am convinced that there is enough money in the health system. I don't think we are spending it as effectively as we can." That last statement was made in September by Dalton McGuinty, the current leader of the Liberal Party of Ontario.

There is consensus that we are spending enough, but are we getting the most services for patients and clients that we can? Restructuring our health care system means making it better so patients have more and improved services, modern full-service hospitals with the newest technologies, drugs and treatments.

Changing the system is critical if we are to invest in new programs and services for patients. We need to move away from bricks and mortar, remove the duplication and inefficiency in our system and reinvest these savings into services for patients. To do otherwise is to continue to spend money on programs, facilities, services and systems that are outdated, while the needs of patients grow.

Our vision for health care is to ensure that patients receive the treatment they need, when and where they need it. Our vision calls for meeting needs of patients in the community and in institutions; to work cooperatively with providers to bring in reforms, to reinvest in priority areas, to expand treatments in cancer treatment, dialysis, cardiac care, community mental health and many others.

Of all the changes under way in the health care system, the most important is that of the Health Services Restructuring Commission. If there is one frustration with the restructuring commission, it is that it was not established 20 years ago. The commission is widely recognized within the health care system, and its work is not always pleasant, but it is extremely necessary and long overdue.

I agree with Tom Closson, the president of Sunnybrook Health Science Centre, when he said in a Toronto Star article last December: "Look at how much money is spent on hospitals and how practices have changed over the last 10 years and yet we still have the same number of physical buildings open in this province."

In fact, we have about the same number of physical hospital buildings in Ontario that we did 20 years ago. The need for change is recognized universally, and Ontario is the last province in Canada to make those changes.

All of the restructuring projects included extensive consultation with hospital and communities across Ontario. I think this is a tribute to all of the district health councils, and this level of consultation is widely acknowledged in the communities where restructuring is taking place. For example, an editorial in the December 14 issue of the St Catharines Standard said this about the DHC's preliminary restructuring report for the Niagara Region:

"It is important to recognize that the controversial report was not drawn up by bureaucrats whose vision is blurred by the Toronto skyline, but by local people who share the concerns of their families, friends and neighbours in the villages, towns and cities which make up Niagara. The report was destined to be controversial; it will be praised and condemned but it is made in Niagara for Niagara."

#### 1610

The time is past for discussing the restructuring of our hospital system. Clearly we have to get on with the job. We have to do this, because between 1989 and 1995 more than 11,000 hospital beds — the equivalent of about 40 midsized hospitals — were closed, yet no hospital buildings were closed in this province.

The problems of duplication, excessive administration, overlap and overcapacity were left untouched at the same time that waiting lists for procedures were growing. It is not logical, responsible or compassionate to pour money into bricks and mortar and administration when people are going without care.

Bricks and mortar do not cure patients. The quality of health care in Ontario, the accessibility of services, is not determined by a street address or a postal code. Buildings do not provide the care. Health care is provided by caregivers. In Ontario we are blessed in having some of the best in the world at all levels of the system.

We must listen to those caregivers like Dr Wilbert Keon, director of the University of Ottawa Heart Institute, who said in a submission to the restructuring commission: "Halfway measures will not solve the problem, we must be decisive and we must act now. If not, everyone, particularly the public, will lose"; or Krystyna Gibson, a medical technologist at Grace Hospital in Ottawa who, in a letter to the Ottawa Citizen said, "The reason for restructuring is to preserve health services, not downsize"; or Dr John Malloy, the head of Sudbury Memorial's emergency ward, who said about the restructuring plan in his community: "Someone has finally had the courage to bring some common sense, some economic sensibility to a rather chaotic situation. In my view the patients are going to be the winners in this."

To appreciate where Dr Malloy is coming from, it is worth mentioning that in Sudbury there are currently two emergency wards treating about 90,000 cases per year. Last year, 3,800 patients were transferred by ambulance from one hospital to another for tests or treatment — in fact, they were spending about \$1 million a year on the shuttle bus between buildings — an average of more than 10 patients per day shuffled around three different buildings. The new single emergency ward in Sudbury is designed to handle 93,500 cases per year — an increase of 3,500 cases, all in one building, all under one roof. Everybody can park in the same parking lot. Doctors won't have to decide in which parking lot they start off in the morning and end up in at night. By restructuring the hospital system and reducing the number of hospital buildings, we can improve the quality of care and reinvest these savings into our health care system.

Sudbury is only one example of where we're having fewer but improved hospitals and where we can improve care. In a letter to the Windsor Star on December 17,



John Finney, the director of public relations at Windsor Regional Hospital, wrote, "Although beds have been closed, Windsor Regional Hospital is caring for more patients today than we did five years ago."

That is the critical point of the restructuring process. It is possible to provide better hospital care than what we are currently providing, while preparing for the needs of all Ontarians, including an aging and growing population.

That is the experience in Winnipeg, where the Centre for Health Policy and Evaluation studied the impact of downsizing hospitals in Manitoba. We didn't do this last year, but I'd like to table that report with the committee. You only have to read four pages to have your mind completely blown with respect to the efficiencies they found. These were academics looking for trouble, they couldn't find the trouble and in fact found things had improved dramatically as a result of restructuring. The report concluded that access to hospital services improved by restructuring and that the quality of services remained unchanged; nursing care per patient went up; the number of hip replacements, cataract and other surgeries went up, some by as much as 33%.

I am confident that with the expertise of our health care providers and administrators, we in Ontario will at least meet, if not exceed, the level of service improvements realized in Winnipeg and other cities in Canada that have already gone through similar restructuring exercises.

When I spoke with you last year, I said the reason restructuring had not taken place 10 or 15 years ago was politics. That is why we established a non-partisan, arm's-length commission to oversee this process.

It remains this government's intention to continue with this process in a non-partisan manner without interference from any political party, including my own. I appreciate that political pressures can be overwhelming, but if we are to meet the challenges of putting patients first, today and into the next century, we must be resolute and let the commission do its job.

The process of restructuring and reformation of our health care system is one in which all three parties have been deeply involved during their time in government. It is my view that the time is long past for us as legislators to show the courage that is being demanded of us to do the job recognized as necessary in this province over 20 years ago. The needs of the patients demand no less.

I do understand that it is difficult for some to accept that our system can be better with fewer hospital buildings. In my community and communities across this province, the local hospitals are more than just buildings. They are where we are born, where we are treated and where loved ones died.

But if there is one aspect to the controversy surrounding hospital restructuring that is most troubling, it is the response of certain union leaders to the fact that some of their members face displacement or job loss. This is an unfortunate reality of the restructuring process, and not one that we take lightly.

I have sympathy for individuals who may lose their jobs, but the system will create new jobs for which former hospital employees will be eminently qualified. Community-based services need the expertise of those

who worked in hospitals. While I have sympathy for individuals who are displaced, I will have no truck or trade with those union bosses who are bitterly fighting to preserve the status quo. By doing so, they are putting their own narrow self-interest ahead of people who need care.

Let's put in context what some hospital leaders want. They would prefer that taxpayers pay for bloated organizations and bureaucracies that are providing overlapping and duplicate services, instead of enhancing the access of health care to the people of this province. They would prefer this to freeing up money to put into more services and better health care for the people of this province.

How could any Minister of Health in good conscience keep the status quo, when at the same time Ontarians' need for health care is growing? Yet that is precisely what union bosses are demanding I do. Theirs is a request that I will not fulfil.

To those who may be displaced, understand that the system is changing and that the priority is patient care. Let me also say that every dollar and more saved by this restructuring is being reinvested into the health care system. The new services provided through these reinvestments create new jobs for health sector workers. So far, we have invested almost \$1 billion in savings in health care. These reinvestments put the patient first. They shorten waiting lists and travel time for patients out of town.

In the area of cardiac care alone, this year we have made an additional \$35-million commitment to reduce heart surgery waiting lists, the largest reinvestment in cardiac care in this province's history. When we made that reinvestment, Dr David Naylor, from the Institute for Clinical Evaluative Sciences, predicted: "These funds will shrink the queue to its shortest period ever. This is a very important major step forward."

Even before that reinvestment, we were already experiencing an increase in the provision of cardiac services in Ontario. The March issue of the Cardiac Care Network communiqué reported that the number of cardiac surgeries provided to Ontario residents was 38% greater in March 1997 than in March 1996. That had much to do with the \$8-million investment we made just prior to that time. The number of cases for the full fiscal year 1996-97 was 10% greater than for the year prior.

It is this government's commitment to provide the funds necessary to introduce new programs and to further reduce waiting lists for cardiac care and other critical services. It is my privilege as Minister of Health to make these reinvestments into new programs. For the front-line workers, these reinvestments in our system mean they can provide better care to their patients. For the patients, it means better treatment.

For example, when we announced we would spend \$18.9 million for a new cancer treatment centre in Windsor, Ethan Laukkanen, CEO of the Windsor Regional Cancer Centre, said: "This was absolutely critical. This will enable us to treat people near their home."

The Windsor Regional Cancer Centre is part of a larger cancer treatment commitment undertaken by this government, which includes an additional \$24 million for improved breast cancer screening and an additional \$16.5

million for improved cancer care, including Taxol and other drugs to help fight breast cancer.

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This year the Premier and I announced the establishment of Cancer Care Ontario, a new agency that will link and integrate cancer services throughout Ontario. This will permit us to provide better services closer to home for people who need care. That's putting the patients first.

Unlike previous governments, much of the almost \$1 billion in reinvestments in our health care system came from within the health care budget envelope. It is possible through more efficient use of our health care dollars to provide better services, more accessible services and improve patient care.

We are in the second year of our \$170-million reinvestment in community-based long-term-care services such as nursing, personal care, homemaking, meal programs, attendant care services and therapies such as speech-language pathology, physiotherapy and occupational therapy.

This year we reinvested \$57.2 million to acknowledge population growth and the special circumstances of northern hospitals, \$14 million of which is specifically earmarked for northern Ontario. This is in addition to the \$25 million invested last year into 18 hospitals in high-growth areas to help them deal with the pressures of a growing population.

We have reinvested \$23.5 million into community-based mental health services to treat people with severe mental illness and to build up community support for people to return home and function in their community. We've expanded dialysis services across Ontario, allowing kidney patients to receive treatment closer to home, by reinvesting — it's not \$25 million; the total is \$36 million.

These are just a few of the close to \$1 billion in reinvestment in providing more health care services to the people of Ontario. I'm proud to say that these reinvestments are already achieving our goal: increasing the number of services delivered to patients and clients in this province.

For instance, in 1994-95, the number of Ontario residents receiving cancer care was 82,864. This year's numbers are projected to be well over 100,000. This number outstrips by half the number of new cases expected in a year.

The number of MRIs done in Ontario last year was 19,000. Compare that to 1994-95, when the total was just around 12,000. With our commitment to triple the number of MRIs, the projected number for this year will increase to about 20,000.

The number of bone marrow transplants has almost doubled in the province since 1994-95, with a projected number this year of 507.

There's more. Our \$170-million reinvestment into community-based long-term care is going out to people of all ages across the province who want and need to receive care in their own homes, schools and communities. Already, more than 200 community groups that support people living in their own communities have received more than the \$130 million I've announced to date.

Since 1994, nursing visits have gone from 5.9 million visits to 7.3 million visits. This is a 23% increase and it translates into 1.4 million more visits provided to patients, far outstripping the growth in population.

Our reinvestment of \$23.5 million into community-based mental health services has resulted in an additional 164 programs. That's on top of the 300 programs already funded by the ministry at the community level. Yet we clearly realize the need for institutional services for people with mental health problems, as our reinvestment of \$18 million into that side of the ledger illustrates.

More people are now receiving dialysis closer to their homes, making a profound difference in their quality of life as they struggle with kidney disease. Our reinvestment of \$36 million has resulted in an additional 20 dialysis units, many of which are already up and running.

Finally, I'd like to mention the Ontario drug benefit program. We have added 465 new drugs to the formulary through a streamlined approvals process that gets patients the drugs they need in the most expedited system in the country. Our drug benefit program is the most comprehensive and by far the most generous in Canada. By the way, the 465 drugs is after about five years of the previous government almost completely freezing the formulary and delisting 260 drugs.

These reinvestments are only one part of our commitment to maintaining and improving health care services in Ontario. Funding the programs doesn't make much sense if we don't have trained caregivers in place to deliver the care. In this respect, I am pleased to discuss two current government initiatives: the new agreement with Ontario's doctors and our nurse practitioner legislation.

I believe the advancement of nurse practitioners will address two concerns. The first is the future of nursing as we rely less on hospitals. The role of nurses in the delivery of health care is growing. Our nurse practitioner legislation will allow nurses to achieve even greater importance in the system.

Secondly, nurse practitioners will also help in underserved areas. In the words of Carol Sargo, the president of the Nurse Practitioners Association of Ontario, "A couple of nurse practitioners together with a family doctor in an underserved area could beautifully service an entire population."

We responded to nurses who asked that we remove the red tape, allowing them to practise, to use the skills they have and practise to their full potential to better help patients across Ontario. This is a major milestone in recognizing the vital role nurses play in today's health care system.

I am particularly proud that it is this government that is finally moving on the nurse practitioner legislation. It is long overdue. Others announced it. It got tied up in review; we finally have legislation on the floor of the House.

When I spoke to this committee last year, we were about to enter negotiations with the Ontario Medical Association. As I noted at that time, for more than 10 years the relationship between various Ontario governments, regardless of their political stripe, and physicians



has been unsatisfactory to both sides. Whether it was the extra-billing fight with the Liberals or the social contract dispute with the NDP, each government has had its history of poor relations with doctors. I also noted last year, and it goes without saying, that physicians are crucial to the health care system as a whole. As caregivers, they play a lead role. Despite media reports and opposition grandstanding to the contrary, our goal is to work cooperatively with the province's physicians.

That is what I said last fall. Today I'm here to say that after long and difficult negotiations, we have reached a three-year agreement with Ontario's doctors that I hope will put the years of stress and discord behind us. I am particularly proud of the agreement reached with the medical profession because it allows us to enter into a new, cooperative relationship with the medical profession and it holds the line on increasing medical costs.

In this agreement, there is no new money for higher physician fees. There is, however, an acknowledgment that increased population and demographic changes do increase demand on physician services. Therefore, we are prepared to put new money into the OHIP pool to pay for new physicians, new patients and the increased patients' needs created by an aging and growing population.

There is the possibility of a modest conditional fee increase in the third year of the agreement, if and only if physicians can save money within the system through modernization and tightening of the fee schedule and through utilization controls. There are no new clawbacks on physician incomes in this agreement. However, a 2.9% clawback will continue until next February to make up the social contract commitment of the medical profession. While I understand the 2.9% clawback was a major sticking point during negotiations, the government did not feel it could in good conscience absolve the medical profession from its social contract obligations when everyone else had met theirs.

The government also agreed to continue subsidizing malpractice insurance premiums, a practice that started over a decade ago and continued under governments formed by all three parties. However, we have instituted a joint ministry-Ontario Medical Association committee that has been charged with trying to find ways to reduce the cost of malpractice medical insurance, including seeking a new insurer. Because it is a three-year agreement, it offers some stability and a longer time frame for both sides to come together to collectively address the challenges facing the delivery of physician services.

Through the physician services committee, which is established under the agreement, and other liaison committees, the government and the medical profession will work together to reach solutions on the challenges facing our health care system. This new era of consultation with the medical profession is in keeping with our policy of consulting widely with our partners in the health care system. It is this consultative process that persuaded the government to delay the third-year funding reductions for hospitals. We believe that rescheduling this reduction will allow hospitals to better adapt to the changes without risking the quality of patient care. We listened to the hospitals' concerns and we have responded.

In the course of the last year there was a shift in the direction of Ontario's health care system. It was a change away from the time when the various components of the health care system operated independently and in isolation from each other. It was a change to an integrated health care system where the patient is the only priority.

For too long in this province and this country, the standard response to demands on our health care system was to spend more money. For too many years, health care spending in this province experienced double-digit increases annually, yet the system didn't work as a system and patients weren't always put first. Despite the calls from experts in the field as far back as the late 1970s, we are only now beginning to restructure the health care system and redirect money to where it is needed, that is, into front-line services for patients.

Our vision is that the needs of patients and clients come first. The expenditure of money is targeted at the patient or at our home care clients, not at the providers. That's called patient-based budgeting. It's what we promised in the Common Sense Revolution. In simple terms, it means putting the needs of the patient above the needs of hospital administrators, above the needs of doctors, union bosses and others in the health care system, including politicians.

We are moving into the new millennium. Until recently, our health care system was attempting to impose solutions of the 1900s on the problems of the 21st century. But new challenges call for new solutions, solutions which meet the needs of patients now and in the future. Our government is working with health care providers to find these solutions.

We have made the shift towards the future, and I believe the people of Ontario, and ultimately that means all of us, will be the better for it. Thank you for your patience.

**The Vice-Chair:** Thank you, Minister. I'd like to turn now to the official opposition, the Liberal critic, Gerard Kennedy, who has up to 30 minutes.

1630

**Mr Gerard Kennedy (York South):** It is a pleasure to attend the hearing today to have an opportunity to talk about the health system. It has been hard to come by in the normal course of events. I am certainly glad my Liberal colleagues agreed it is in the public interest that this ministry, above all, be examined by this committee. The profound changes that have taken place in the past time — and I say “changes” advisedly, because too often that word is being utilized as a substitute for something good or an improvement — the changes which have taken place under this government, have not been available to legislators of any party, have not been available to the public. Quite simply put, this lack of accessibility has itself been a cause of concern and consternation on the part of the public, because every area, every fundamental of health care, has been touched upon in the last year.

When we hear the minister speak before us today we're really called upon to note a couple of things. One is the very similarity to the words we heard last year at this committee, and also the absence of some of the



fundamental questions which are being addressed by the ministry.

I'd like to lay out for you what I hope we will find in the course of these hearings, and I'm sure with the minister's fulsome cooperation, be able to discover what wasn't in the minister's remarks today, which is the interests of patients; where indeed the patients' interests will be expressed in the course of the ministry's attempts to change so much of what affects patients.

We look at the broad picture and the experience of patients today, people we have brought before the Legislature, in a different light for them. No matter how carefully we try to put it, there's a certain indignity to having your personal health situation brought forward and put forward to the public and to the media. It's something we do very carefully, but it's something that's done by the families themselves because of the experiences they've come to encounter with this changed health care system.

We spoke about people throughout the course of the last few months who have found, if not mismanagement of our health care system, then serious, serious questions about how it is being run. The experience and the cases that we've presented draw, I think, a certain light of tragedy, if not outright difficulty, with the statement on the part of the minister, to be found in the future vision statement of the ministry, that somehow patients are having access to the right care, at the right time, in the right place. Far too many Ontarians have found themselves in the wrong place at the wrong time, even though they believed that the place they went — the hospital emergency room, the waiting list on the part of skilled doctors and other health care practitioners in this province — was the place where they could receive the quality of care they'd become accustomed to in years past.

What we have seen in recent months is a pattern of patching, of little dollops of money given to this program or that program, sometimes to the outright confusion and perplexity of the communities affected. One hospital administrator was happy in one sense to have a dialysis unit but is running a deficit and didn't really want that dialysis unit, but because it fits the picture the government is trying to portray, it happened, it occurred.

We have a job to do in this committee. We have a job to do that is fairly fundamental: to fill in the gaps that have been, throughout these last two years, unavailable to members of the public. I know members of each party will use that opportunity to its full extent. We need to explore, for example, the feature of the past year that brought chaos to our hospitals, chaos brought on by a subject the minister did not even address in his remarks, which is the cuts to hospitals.

Every single member of the provincial Parliament in this room has had their hospitals cut those hospitals have been cut by an average of 12%. Those cuts have been random. There is a formula that after the fact tries to justify it, but it bears no relationship to the needs of patients. There is nothing in that formula that talks about how much patients need help; it only says, "If the minister determines he wants to extract money from hospitals to this extent this year, then here is the fairest way to deal with that."

The OHA, the OMA, the nurses, the head of the restructuring commission have all condemned the idea of these cuts taking place in advance of any plans. What we've had instead is 210 different decisions being made, sets of decisions about how to ration health care in this province, aided and abetted only by sets of formulas that are purveyed by ministry staff. The result of that has been the problems people have experienced in hospital. That has been the responsibility of this government in terms of what they have put forward this year.

It is our job in this committee to find out why those cuts have been persisted with in the face of mounting evidence, in the face of the problems, for example, of people like Mr Whitehill in Peterborough, in the hospital emergency room; Mr Wa-Il Akras at the Sick Kids emergency department; or the family of Leie Rykene in terms of wondering, as their physician wondered, as their specialist wondered, why it took days and days and days to get a bed for an angiogram and she died while waiting for it; and why referral hospitals for the 905 area are finding that they're not able to accommodate those referrals except with longer and longer waiting lists, leading to tragedies like the Rykene family's experience.

What we really need to know is, why would a government proceed with random cuts to hospitals when it had a study, as we introduced in the Legislature earlier this year, from the joint planning and priorities committee that it has with the Ontario Hospital Association, which said, with the most aggressive models possible, "You cannot do these cuts without taking away from patient care." Even in the little boxes they presented in their executive summary, which we have a copy of, they say how much hurt occurs, how much shortfall the government has had to inflict on the patients in this province, and it's substantial.

It's unfortunately expressed in dollars, something in the order of \$300 million by the end of this year. Even with the most aggressive academic models, in some cases people would say the most questionable, pushing the limits, you cannot get the savings from the kind of marketing language which has been used by the minister today, which is "out of efficiencies and administration" and so forth. Instead, it has to come from the patients. It's too bad that study, like so many of the numbers we see flying around the health care system these days, can't be expressed in a better bottom line, the only bottom line which matters, which is the quality of life of people who find themselves in the misfortune of needing good health care.

We want to find out as well why hospital administrators are faced with additional problems in terms of the ministry. We want to know about some of the difficulties which were experienced in terms of hospital funding this year. There were at least three different sets of allocations, and we wonder why. Why were hospital administrators not allowed to know how much money they had to work with? In some cases, not until after the fiscal year had started did the restructured hospitals actually learn how much money they would have. There are hospital administrators worrying themselves to death about how they're going to be able to extract these cuts after the fact. This is part of the pattern of chaos that's been inflicted on this province's hospitals.

1640

The minister talks about and quotes in fact an administrator who says he's caring for more. They are indeed caring for more, but they're doing that with less money, fewer nurses and fewer resources. We would wish to have and we hope we will have later from the minister and from his staff some idea of how they think this is possible when already Ontario entered into some of this exercise with the lowest number of beds in the country. Many, many of those administrators, in their good faith and their effort to try and care for more with less money, have tried to do that, aren't succeeding and instead are finding themselves removing services. Rather than dilute the quality of some of the services they have, they've taken them away. So some hospitals now don't deliver babies any more and dump that on the system without any planning or arrangement.

We've heard I think a little bit today the case for a restructuring commission. What we hope to learn through the course of these discussions is something about the myths that the restructuring commission is based upon; the myth for example that there are 11,000 beds sitting there, drawing cobwebs, fully staffed by nurses, somehow draining the purse in terms of public expenditure and not making possible all the good things the minister talks about.

Instead, in most cases and in most hospitals across the province, those beds are filled with other services. They have moved in a way that this minister has not acknowledged to us today, but I'm sure will agree with when we come to more detailed discussions. They have made changes in medical management. They have created walk-in clinics. They have done day surgery. They have, in short, made use of that space.

It might surprise some members of this committee, and we'll see the minister perhaps confirm, that only a very small amount of the funds which the commission would extract on behalf of the government, which it would take away from hospitals, can actually be saved from the current number of empty beds. For example, you have communities like Toronto where most of the beds that we say are going to be closed, in other words not available and justifying the closure of 11 hospitals, have people in them today. These are beds which have people in them.

There aren't any T-shirts with nice sayings like "Right care, right place, right time." We don't often hear about "Quicker and sicker," because that's what the commission is doing and that's what we need to ask the minister. Why would we push medical management beyond what can be handled? Why are we requiring people to leave hospital quicker and sicker in a whole range of procedures without any corresponding community care being available to them? Why would we do that?

When we look at the kinds of strategies that have been put in place, we can't find people in that. I talked to the charge nurse in charge of obstetrics at a hospital, and they have the lowest ratio, at least one of the bottom two, in terms of how long mothers stay there after birth: 1.2 days. They did a satisfaction survey after doing this for a year, and what did they find? They found that the mothers hated it. They found that they felt like they were being forced out. They found that while they could afford

to also give a phone call afterwards, in too many cases this added to a distressing circumstance. It was the lack of choice available to mothers in terms of that circumstance. All the post-partum treatments in the world don't work unless we have some recognition of that to begin with. So we find ourselves in those and other serious cases pushing people out of hospitals.

I talked to doctors in another community who told me about their chiefs of staff having to impose some pressure about how quickly to move people out of hospitals and how that's becoming an increasing phenomenon across the province. Unfortunately some of those cases have made their way to the Legislature as punch lines and tragedies for families.

The restructuring commission would tell us much, as the minister did today, about the empty beds, would talk to us about the idea that we've got too many hospitals. But we do not see from this restructuring commission — we would hope to gain perhaps from the minister in the course of these discussions some idea of what will take their place.

We heard about the Niagara region report Made in Niagara. I can tell you that there are 7,000 people in Grimsby who don't hold that opinion. There are supporters of both hospitals in Niagara Falls who don't hold that opinion. There are people in St Catharines who don't hold that opinion, in Port Colborne and in Fort Erie who don't hold that opinion. Quite simply put, they don't recognize the formulas, the accountancy that is driving health care in Ontario today. They don't see that as being made in their home town.

What we have, and finally had recognition of — and this is something we'll certainly want to pick up and receive the minister's further wisdom on — is that the formulas for small and rural hospitals, two or three days ahead of the report for Lambton county, were suddenly found to be inappropriate; suddenly, like that. Can you imagine? Just 48 hours before the report was due the whole structure of hospital care in that province could have been changed for good, except suddenly somebody recognized that this shouldn't go ahead.

I would submit to you that we need some answers to questions if that's the kind of risk-taking that's going on on the part of the restructuring commission and when we're still unclear who is setting the policy, who is driving the truck here. Does the ministry abdicate all its policymaking or do we get some policy some times about some things? That's an important thing, as we look at the activity of this ministry for the year, for us to understand.

We understand too that there are — inevitably, I would say to the minister — people who will allege certain biases, certain preconceived notions on the part of the so-called independent commission. But certainly there are legitimate questions that have been raised. If we're supposed to have a community health care system, why are we instead authorizing mega-hospitals across the province? Why do we do that when in many cases — in the case of Riverside compared to other Ottawa hospitals, in the case of Wellesley and Women's College, in the case of a number of hospitals — those smaller, community-based hospitals actually can be more effective?



The other myth we keep hearing — and I think it's important; if we are to discharge our responsibility, which is to explain to the province what's happening in the Ministry of Health, we've got to talk about the myth of bricks and mortar. The other day I delivered a brick on behalf of Doctors Hospital. They're quite prepared to give up their building, but they'll fight like mad to maintain their services, and that's what's threatened. That's what the restructuring commission would take away and give to a mega-hospital. They're prepared to do it for the same money, and yet the ministry, the commission, won't let them.

The bricks and mortar, the savings from closing buildings, will save us only 5% of the money that the restructuring commission is talking about taking away from the system; instead, the rest of that money is to be made up with the firing of health care workers, which make up the largest portion of the rest of the budget. Nurses and other health care practitioners will go, and the only basis under which they can be at liberty is if we push patients out quicker and sicker. It's the only way we can do it, and it's right there in the health commission's writings. But it's not what was talked about today, so it's hopefully something we're going to have some elucidation on from the minister.

We heard also about some of the things that are occurring with human resources. We have a new target in terms of health care. We have something called "union bosses," which I guess follows on the legislation today. It's unfortunate that we aren't in a position, through this committee, to look at the human resources factor and get some answers there. I hope we will be, but I wonder, given those comments.

Why have we laid off so many nurses? Why are we in the position now of losing other health care professionals without any kind of plan whatsoever to keep the best health care professionals that we have right here in this province? We have 24 hospitals headed for closing, and not one of them has a human resources plan, not one. I can tell you, in the case of Northwestern hospital in this city, where they're advancing the date to close it without even the go-ahead from the commission, that there are all kinds of people at loose ends, not knowing what's going to happen under that closing, and of course that lack of recognition is salt in that wound.

Somehow there has been a virtue put on change in the health care system for its own sake. But if we're really going to have change that equates to positive change, that actually meets some of the needs of patients, it's going to have to be measured again by how well we're able to get on side with that change the nurses, the doctors and the other people who are going to effect it. I hope we'll find out why that's completely missing from the strategies we've heard so far.

1650

Certainly we know there are gaping questions, and we know this will be the forum for us to deal with the change in at least one area of human resources, the deal with doctors. I guess this is a level where we could congratulate the minister for having solved all of the outstanding issues the doctors had with the ministry. The only qualification on that — and I know the minister has

heard me say this before — is that all those issues the doctors had with the ministry were raised by the minister. So the various and sundry things he put to them — the increased clawback on doctors, which was deducting from their income at the end of the year, the lowered ceilings, the liability insurance non-coverage that the minister proposed they should not get, the representation of the OMA — all of those things have come round full circle and here they are in this agreement, to the satisfaction of the medical association.

We will want to congratulate the minister again when we discuss it in some detail and wonder if those large amounts of dollars which are available for that one part of the system are the beginning of a trend. Is the minister prepared to make those same kinds of guarantees to other parts of the system: three-year, secure, stable, increasing funding? Is that what we could look forward to, for example, on the part of some of the hospitals, some of the nurses?

We have had reference to nurse practitioner legislation. We hope the minister will be prepared to discuss the date on which the nurse practitioner legislation will be put forward to this House. There are more challenges for nurses than that legislation, but that legislation, which enjoys wide agreement, we certainly would like to see happen as the opening step.

When we talk about human resources and the role of the minister, we'll hopefully get to the whole notion of why the minister talks about a status quo that denies the substantial work that has been done on the part of nurses and doctors in this province already to deal with their limitations in terms of funds, to deal with the changes in technology, the aging of the population, on their own.

It is indeed unfortunate that their interventions about this have gone largely unresponded to; that rather than listen to the nurses and doctors when they say, "Too much too fast," their concerns are just papered over; that rather than have a forum through which they could participate — we now have the beginning of some forum for doctors, which may head off some of the rancour and hostility that existed there. But we do not have a forum yet — although I understand the ministry is latterly considering one — to be able to bring in all these other professionals, because their voices are at odds with what we're hearing from the minister.

They have already made changes. They're not prepared to tell you, Minister, I don't think, that all those changes have been positive. They will no longer talk about optimum care for their patients; instead, they talk about what's realistically possible. Those are the terms you're setting them, and going beyond. You're asking those practitioners to go beyond even what's reasonably possible as you change the terms of reference, and yet these are the very same people whose jobs have been made increasingly difficult in many of the forums in which they work, who have been put the proposition that they're going to be the agents of change. It's not likely to happen and it's not likely to be successful unless — perhaps we'll learn today some of the changes in policy.

We also need to look at what the reinvestment games have been like in this province. There has been a new sport, and it's called reinvestment. It's about the slow,



slow use of dollars when you spend them and the very rapid cuts when you take them away. That has opened up a gap. We're looking forward to giving the minister the opportunity to close that gap, because it consists of his credibility and the credibility of the ministry in terms of whether they're able to provide the money to the people who need the services when they need it. I'll refrain from using the minister's slogan for that.

We know that last year, for example, in community mental health there was \$25 million out of a \$201-million budget that didn't get spent. It got announced, but it didn't get spent. That meant that even with some of the difficulties that were out there, not met by the community — the minister did the official event and I did an unofficial one at different places; we visited around. I talked to many of the people who were receiving the largess. The only difficulty when the announcements about reinvestments were made this year is that quite a number of those had been announced before — 12 months before, eight months before — but they didn't get any money.

We have to get to the bottom of the reinvestment games. I'll just give you a quote, Minister, for you to be able to be prepared. One of your new commissioners to the Health Services Restructuring Commission, someone with a business background, I put to him the question — and this is on the record of the review committee for new appointees — what did he see as a reinvestment; is it when you talk about the money or is it when you spend it? He said it's when you spend it. That's what we have to look at, because there's a very large gap there as we search for the lost restructuring dollars, where they're going to be.

We talked about it last year: a \$45-million increase in the Trillium drug program. If you turn to a certain page — I think it's page 93 — you'll find that we only spent \$18 million. Where was that large increase? It's supposed to be \$75 million in total, and we have projected expenditures of \$18 million. There is a gap there. It would not be so serious if it was just a matter of numbers; it's not, it's a matter of people's lives, it's a matter of the patients' quality of life. That's what's being arbitrated by the numbers in this book, and that's where hopefully we're going to be able to be of some significant public value in getting to the bottom of it.

We'll go through the reinvestments. We talked about the cardiac surgeons. There was a big rush to use money in March. We saw the letter to the editor that said: "Look, why are you giving us all this money in March? The operating theatres are already overbooked." Again, we come back to a game, and that game just isn't funny. It's not about making the government look good; it's about managing this system with some care, some planning and an outlook that gives confidence. In addition to health care, we want to see what the minister's plans are to sustain confidence on the part of the public, on the part of the people who are affected in the system.

There's growing apprehension out there. Minister, you would be giving us too much credit should you believe that is manufactured by anybody in the province, the opposition or otherwise. Many of your federal colleagues, of whichever persuasion, found it at the doors during the election, that health care is an abiding issue in this

province, and it is built upon the experiences people are having with your system.

One of the things that would allay some of those concerns, that would have people maybe not pay so much attention to the situations of the Ed Whitehills in Peterborough, the Leie Rykenes in York region, the others who've experienced tragedy at the hands of the system and the deterioration in the system, would be if there was a plan.

Minister, you didn't spend very much time today talking to us about integrated health. You didn't spend very much time telling us when we could expect some way to stitch together all these patchwork decisions that have taken place in the course of the last number of months. We have not heard about how we're going to be able to put together any kind of system that would respond to the needs of patients. Right now, patients are being left entirely out in the cold. Minister, if you intend to restrict patients' choices to a single doctor, if you intend to roster them, it's time to start talking to them, it's time to start letting the members of the public know that.

Yet we look at your figures this year, Minister, and we don't see the provision for that. We see arrangements for financing of doctors which, subject to the deal we understand has been ratified, suggests there will be no encouragement for primary care reform, because exactly the same dollars that are being paid through OHIP are going to stay there and there will not be those dollars available to effect any kind of transition on the part of physicians to a different kind of alternate payment plan.

We wonder where the impetus for reform has gone, Minister. We've been hearing week after week, month after month that something would be coming forward. As we harken back to some of the other things that have been mentioned, the community hospitals, the ones with the closest connections to the community, the ones which have established painstaking links with community health services, with the people who have been unaffiliated — when you talk to Doctors Hospital, if you want to talk to their patients, you've got to speak in about 20 languages. These well-meaning practitioners of health don't believe it can be sustained in a mega-hospital. They think the hospital you want to send them to is great for heart surgery. They don't want to be there for primary care, for the kind of basic acute care that those hard-to-serve populations wouldn't get if it wasn't for their existence.

Minister, we don't have an explanation as to why a ministry that has talked for years about some level of community care has suddenly switched over to corporate care. That's what we have instead: very large hospitals aggregating services in a way that is happening in the only other place that we know, which is the United States. We have the belief now, I think, for a lot of people that we're headed that way, that we're going to have a two-tier health care system and it's going to be not just the result of the degradation of the system, which a lot of people are starting to find is problematic, but a result of some deliberate plan that's been developed.

And so it's incumbent, if we look at this, the largest single expenditure of the government, we need to know, does the minister have a plan? Is there indeed a plan for

changing this health care system, or are we making this up as we go along, each area, time and time over? And certainly we look at the doctors' deal and we see the questions that raised.

So, Minister, we look forward to this discussion with you. We look forward to being able to ask the questions that have been difficult to do in the past, but more than that, we look forward to your answers.

**The Vice-Chair:** Thank you very much, Mr Kennedy. Now I'd like to go to the third party. Mrs Boyd.  
1700

**Mrs Marion Boyd (London Centre):** I was struck, Minister, when you were doing your speech that in the first few pages the speech could have been given by any one of us in the Legislature. I don't believe there are any of us who don't believe that we need change and that we need fairly radical change in the way we deliver health care. I think we know that the changes that have happened in terms of the available technology, in terms of the kinds of skills we have, in terms of the things we've learned over the last few years at an ever-increasing rate tell us that our vision of health care, which for the most part really began in the 1950s to 1970s in this province, isn't adequate any more.

I must say that I wish you would try not to try and portray those who have questions about the way restructuring our health system is happening as wanting to protect the status quo, because I don't believe that's true and I believe what it does is make it difficult for us to have the kind of overall dialogue that we need to have in order to make this restructuring really work to take us into the next century. I believe that's what you want to do, I know it is what our party wants to do, and I think it is what all those working in the health professions want to do. The issue is not whether that's a good thing; the issue is how we do it, and how we do it in such a way that we're all working together instead of working against each other. I think that really is the issue.

The estimates discussion gives us an opportunity to look in detail at how the dollars and cents relate to the rhetoric and, may I say, the dream, because the dream is not something that I would necessarily disagree with.

I don't believe at all that we can afford, as you suggest of those who are critical of the way this change is happening, to continue to deliver health care in the way that we have in the past. I don't believe we can afford to keep open every building that we may have needed at a particular time, and I've never advocated that. I am fortunate that I come from a community that has worked very hard to try to come to grips with this kind of change and the changes that have happened in the willingness of those partners to sit down and actually talk together. I've had the opportunity of participating in over the last five years, and it's really quite a remarkable change.

When I was first elected and first was invited to visit with what was then the teaching hospitals' council in the city of London, I can tell you these folks were very, very far apart. They were very turf-conscious. They were finding it absolutely unbelievable that they might be asked to look at a delivery of health care that required them to shift some of their expertise into another institution, or indeed to look at a whole new mission. I don't think there's any question about that.

I've watched those folks work together and I've helped them work together so that we're much further along. We still have lots of difficulties, but people look at the London situation, look at the massive change that the restructuring commission suggested, and say, "Why isn't there the controversy in London that there is in Renfrew or that there is in Sudbury or that is looming on the horizon in Cornwall and other places?" I think the answer to that is that we all believe, health care professionals and politicians in our area, that we need to take this change, that this change will be good for us all, but that we must do it in a way that is truly cooperative.

So when I criticize in terms of how the restructuring is going, I criticize based on things that I think are going to obstruct the willingness to change that is there in some communities and that we want to foster in other communities. When people are facing massive change, when they are being asked to change the way they've always been taught to look at service delivery, it's very difficult. The more pressure that's on them and the more they see that as having little to do with their needs and everything to do with the financial bottom line, the more resistance and criticism you get.

It seems to me that one of the real issues for a lot of people is that they have seen this process as being driven by dollars and cents rather than patient care. I take very seriously that your ministry and you and health care providers who are engaged in this restructuring want this to be focused on patient care, but I can tell you that it is not the perception out there. As long as the perception is that all we're trying to do is save money, that we're not in fact trying to spend that money, as you suggest in your speech, in a way that gives more wisdom and gets us more value for those dollars, we're going to have a hard time persuading people to make the changes that have to be made.

Other jurisdictions have found this. When this kind of change is driven by competition, when this kind of change is driven by cost-saving as opposed to a real vision of how you can alter patient care to be more productive for both the person who is receiving that care and the community that cares for them, we know from experience that there's a problem.

I'll admit there is also a problem of galvanizing people to make that kind of change. I am one who knows and believes very strongly that when we are facing a period of financial difficulty, it does tend to focus people's minds a little bit more on how they can do things more efficiently. I don't think there's any question about that. I can tell you that had the grants continued to increase at 11% and 12%, as they had for the five years previous to the time we came into government, my community certainly would not have changed in the dramatic way it has, and I believe that a lot of others wouldn't. It is hard to get people to focus on that kind of massive change, particularly when we all tend to say, "Well, we've always done it this way and therefore we have to continue to do it."

So while on one hand I will say it is an impetus to change that we are faced with the real challenge of maintaining a universally accessible health care system, publicly funded and publicly run, at a time when certain-



ly the resources that had been being absorbed by that system were far outstripping our ability to pay for it, we simply must go about our business in a way that convinces people that the focus is on improvement in care, and I don't think that's always been the case.

I do wish people would sit down and read some of the restructuring commission reports. I think some of them — there's a huge difference in quality and in the way in which recommendations come forward and the conclusions that are reached depending on the communities, but I think it would give people more comfort. But I think the criticism of the restructuring commission that they have been far too bureaucratic in terms of looking at particular formulae as opposed to looking at whether those formulae in fact apply continues to be a problem.

**1710**

I believe that, with the exception of the mental health issues in my community, the recommendations of the restructuring commission are going to give us a much stronger, more compassionate, more effective and more efficient delivery of services. I really believe that. That doesn't mean it isn't painful for me to know that the hospital that has served three generations of my family is not going to be an acute care hospital any longer. It doesn't mean that the pain to those who have been served by the Women's Christian Association that runs Parkwood is any less than any other hospital that has been ordered to divest itself to another institution. The pain is there and it's very real and we're trying to cope with it in our community.

It doesn't mean that the pain for St Joseph's Health Centre of changing its mission quite substantially into an area that, although it was engaged in it — it was engaged in geriatric and long-term care; it was engaged in ambulatory care. But it certainly did not see itself as being engaged in long-term chronic mental health situations, nor did it see itself as not having a function in terms of acute care. But those changes in mission they're prepared to accept, and they're prepared to see that the kind of caring they have offered is particularly suited to the mission that the restructuring commission has given them.

I think where that kind of interaction and that good faith is there at the table and people really are working together in the hospital sector, we can move along.

We still have the challenge of human resources. I would say to you very strongly, I really don't think it's helpful to attack union bosses when you know they are required by law to represent the interests of their members. They are required by our labour law to try and protect the jobs of their members and to do that to the best of their ability. It is not particularly helpful to assume that means they necessarily want only the status quo. Their words may say that sometimes but they're based on a lot of fear that their members will lose their livelihood.

You say in your speech, and it's quite true, that we are going to need to have these health care professionals in a different mode of offering their services. It simply is incredible to me that if you want to galvanize this kind of change within the health care professions you would have, first of all, taken away the clearinghouse for that in

terms of HSTAP, and that you would not have made the very strong effort that frankly the restructuring commission did in ordering communities to set up human resources restructuring commissions to really look at how that works, rather than taking the combative kind of position you have.

I realize the legislation that was introduced today is not your legislation, but you're a member of a cabinet that has brought forward an extraordinarily inflammatory piece of legislation which is guaranteed, absolutely guaranteed, to make what you want to accomplish in terms of health care delivery extraordinarily difficult.

I would have thought, Minister, that you would have learned last year, when you took away the support for malpractice insurance with the doctors, when you stepped away from the table and told them you would only negotiate with individual physicians, took away all of the joint kind of actions that had been there by agreement with the OMA — and as my colleague says, you have had to go full circle — that you would have learned that confrontation does not get you the kind of change you want.

I think it's extraordinarily unfortunate that we're faced, at a time when had the effort been made to try and work the human resource issues through in a way that guaranteed — and we could do that, because we need those health care workers — jobs would be there for them and that if they needed to be retrained for those they would be retrained for them — that's all that was needed. Yes, bargaining rights are an issue, but they can usually be resolved if the people who are the prime concern of unions are looked after and you don't see the kind of drain away and deskilling and disposable labour that seems to be happening in terms of the health care professions right now.

When we look at estimates we get a chance to really test out what is rhetoric and what is real. My friend the member for York South talked about some of the reality between what you have spent and what you have not spent. Unless things have changed remarkably since I was a minister and doing estimates, these interim actuals that we're looking at, and contrasting to the estimates for last year and the actuals for 1995-96 and looking at those in terms of what's happening in 1997-98, paint a very different picture than you've been talking about.

I think you do want an integrated health care system, but I can tell you that when you look at an estimate for institutional health care that was \$7,480,753,400 and you see an interim actual that is some \$545,000,000 higher and you look at health insurance, essentially doctors, where the estimates said \$5,861,371,700 and it's up at over \$6 billion, for a change of \$141 million, and then you look at the population in health and community services and you see a huge underspending from the estimates, and the same in mental health, and the same in long-term care, these estimates tell a story about the silos still being very much there in terms of health care and the powerful players, the OHA and the OMA, still being the gatekeepers of the system.

When you talk about increases in your budget, increases in your estimates, we're going to be asking you to compare those to what you actually spent in 1995-96.



You need to know that when your interim actuals in 1996-97 are \$380 million more than your estimates, then that is a question. Where is it going? You told us in the Legislature that some \$300 million was going to the doctors. That doesn't tell me about an integrated health care system, when we see thousands of others in the health care professions losing their jobs, when we see community health, long-term care being underspent to the extent that it is. These are the kinds of questions that we'll be asking, and we'll be pointing out to you that your interim actuals for 1996-97 are some \$94 million higher than your estimates for 1997-98. So that means nearly \$100 million are going to have to come out, even though you say you're giving more money. That's a problem for you and it's going to be a hard one for you to explain to people.

When my colleague from York South asked you about this supposed \$1 billion of reinvestment, you have to know that the way you have gone about reannouncing dollars that were already in the budget, reannouncing the annualization of things that we had all assumed had been calculated into that budget, adding capital into what looked like an operating budget, calls into question how much confidence people can have in your pronouncements about reinvestment in health care.

1720

I sincerely hope that as we go through this process you and your ministry are able to convince us that in fact there is more than empty rhetoric behind your so-called protection of the health care system, because that is an extremely important element if we are going to effect the kind of change in the delivery of health care that we want to do.

As we go through line by line, area by area, I hope you will accede to providing the kind of information that quite frankly you have not been prepared to provide on order paper questions, that you have not been prepared to provide in the Legislature, because that is how we will get confidence that you indeed do have a plan.

I believe it is particularly tragic that the reform of primary health care has been delayed yet again. I would agree absolutely with my colleague from York South that unless we know what the primary care reform is, particularly with the agreement you have signed with the doctors, we cannot have any confidence that we're going to change the system. We see you having signed an agreement with the doctors that means they will continue to wag the dog of health care. They are now in joint committees with you. They have now delayed the primary health care reform yet again. There is no way for you to enforce the agreements that you've made in terms of any kind of a cap, because there's no clawback. Those are very serious problems for you and they are very serious problems when you are dealing with a profession that has insisted on remaining the gatekeeper of the system.

I want you to know that the question about when the nurse practitioner legislation is coming forward is a serious one. I don't know what my colleagues in the Liberal Party have told you, but I can guarantee you that we have great interest in seeing you bring this nurse practitioner legislation forward. We do not see any reason why it needs to go to committee. We do not see any

reason why it cannot be passed very quickly. Frankly, given the agreement you've signed with the doctors, the sooner the better because there are lots of people out there knowing that there's no additional money for nurse practitioners in any of this scheme; the minister answered that question in the House. We are very fearful this in fact will come unglued, given the kind of power that physicians have been given in this agreement in restructuring the health system.

I know the minister said we have other committees that meet with other people and they talk about this stuff. Why aren't people at the same table? When you talk about an integrated health care system and you have elements missing like your primary health care delivery, you have elements missing like the chronic care plan, the long-term-care plan, the rehabilitation plan, when you have your committees set up in the usual old silos or with just the powerful players — and let's talk about those committees.

You have the medical schools, you have the OMA, you have the OHA and the ministry at the table. These are all the big players who have always exercised gatekeeping on this system, who have created the silos in this system, and in fact the integration may be in those systems. There may be better integration within the hospital sector, there may be better integration within the OHIP system, but the other kind of integration, the patient care integration that goes from the moment I need care right through the whole process, isn't there.

Your government's change in terms of responsibility for public health, your government's change in terms of responsibility for ambulance care, your attempted change in terms of long-term care, which I'm delighted that you appear to have withdrawn from, would have made it impossible for that kind of continuum of care to ever be really part of the picture because all of the players would continue to play in their own back yard and the patient would somehow have to figure out a way over the fence or under the stile or through the gate themselves.

I think what we're saying to you as we go through this process is that we believe there needs to be change. We believe that change can be accomplished but we believe it can only be accomplished if there's real clarity and real honesty about what the resources are that we're working with, when there's a real commitment to have all the players have some input into this system, not just the powerful ones who have always had the input, when we actually can see what the end goal looks like.

There are many, many different definitions of an integrated health care system. There are many good articles that we see that tell us about this kind of integration or that kind of integration or another kind of integration. I don't believe that the ONA's — the nursing association's — vision of integration is the same as the kinds of talk about integration that the OHA has. I don't hear the same language being spoken and I don't see the same vision for the patient.

I think as we go through this, part of what we can do is clarify how we want to get to that end vision, which I think you've described very well in your speech in terms of wanting to focus on patient care and focus on a continuum of care. I am disappointed that you didn't

mention more about the front end of the system because quite frankly our lack of spending on health promotion and illness prevention is our biggest problem. We have very serious issues to deal with around such things as the use of alcohol, the use of tobacco, unsafe driving, the lack of early care when one is showing signs of mental instability, all of which cost us a great deal later on.

We have to have some place in this system where we can see that responsibility being there for all of us. Unfortunately, with the divestment of public health care down to municipalities, that has become totally fragmented and I think will be totally fragmented in terms of the system.

I think there is a role for the ministry in leadership in terms of this change; not a role in terms of trying to manage the change to prevent conflict with some of the parts of the system. I think we have to understand there will be conflict within the system as we do this change, but that if we become confrontational, if the government becomes confrontational, it simply encourages others to walk away from the table and encourages others to use blaming the government as a reason for not moving ahead.

I hope as we go through the figures and we get better clarity about what we're actually looking at — real clarity about what is happening with the dollars, what the dollars really mean and how those dollars can be worked to lever the kind of change the you're talking about — we'll all be a lot more comfortable with what we're doing. It doesn't mean that we can resolve issues such as Catholic governance overnight, that we can resolve issues such as job dislocation and job retraining overnight, but what I think we could do is build on the record a commitment by all of us in the Legislature to do exactly that.

**The Vice-Chair:** The last part of today's meeting will be the response by the minister to presentations. Minister, you have until 6 o'clock for that.

1730

**Hon Mr Wilson:** I'll begin with Mrs Boyd because it's still fresh in my mind. I appreciate your comments, a very reasoned presentation, if I may say, very balanced. I agree with a lot of it, the willingness to change, as you began your comments. I agree that you happen to live in and represent and be part of an area of the province that has shown great leadership in health care reform — many times it was ahead of the ministry in terms of its ideas — a real acceptance, if my reading is the same as yours.

I have a sister-in-law practising on Waterloo Street, a general practitioner, and she tells me that the need for change there is very much accepted by the practitioners and the patients. It's not a top-of-mind topic at all in her patients. They're not worried about their institution or where they're going to go. There's lots of visible health care on the ground already in London, and perhaps that's why. Yes, there are discussions about the mental health services. We had some of that discussion in the House today and we will sort through that.

I want to touch on a few specifics. The union bosses: You take my comments one way, I take them another, but today's reaction in the House — I'd ask you to read the bill. I am extremely proud, and comfortable with this

legislation that Elizabeth and I have worked on. It will give great protections. The gut reaction that they had from the gallery was just wrong — they hadn't read the bill — and perhaps was premature. I don't blame them, because I guess they have suspicions of us.

But we have taken great care. There are tremendous protections in a period like no other jurisdiction that's restructuring. You're going to see the stapling of contracts, the full protection of collective bargaining, a very fair and reasonable process. Only if the parties themselves come to a stalemate in their labour relations will they have access to either the temporary commission or the permanent commission.

It is extremely fair. It did not, in your words, give in to the powerful interest of the OHA; it doesn't open up a collective agreement or take away anyone's rights. It goes out of its way, in the most painstaking way in my 14 years, to respect the rights of employees. It just wasn't a fair shake to Elizabeth today at all and is not a fair reading of the bill.

If that's the gut reaction we get, and I see it all the time in health services restructuring, then I have critical words to say about some of the union members. They're certainly off on the wrong mark on this one. Whether they'll ever admit that it's a good piece of legislation, I don't know, but it is a good piece of legislation. It's one that's extremely fair and has abundant protection of rights for employees in it, in what everyone admits will be a very challenging period of restructuring.

I only ask people to open their minds a bit. Read the bill and then criticize its contents as you will, but I think it's very fair and very reasonable.

I very much appreciated both your and Mr Kennedy's comments on integrated health systems. I accept some of the criticism, although the degree of integration today in our health care system is far superior to what I inherited two years ago. I can point today to a very fast-evolving integrated cancer system, where it's one-stop shopping for consumers. I can point today to 43 community care access centres that are almost up and running.

The concept was around for about 22 years; we're finally getting it on the ground. That's true integration, where people go and there's one number and all of the services required for long-term care, including the institutional services, are integrated. I can point today to an integrated cardiac care system, not just one very highly publicized surgery waiting computer system. For the first time in the history of this province, a fully integrated plan came forward from CCN; they're in the process. It will be prevention through to rehab. We've never seen anything like it. Part of the \$35 million was earmarked to that research and to make sure we have that plan.

What I like to explain to people is that we're fixing the spokes in the wheel right now. The wheel is a bit wobbly. I think other people are more eloquent than I, because I am absolutely passionate about this business and about this system, and so my illustrations are not always the best. The wheel is a bit wobbly, not everybody is going in the same direction, but I'm fixing those spokes in a rapid way, so that if there is a criticism it's often: "You're moving too fast towards integration." At



the end of the day, that wheel will be in perfect unison with itself.

We are moving rapidly. It's not us; I don't mean "we" in terms that I'm responsible for this alone. It's the thousands of people out there who are doing it. Hamilton, through a private partnership with a drug company and our ministry and some more help they'll need from the ministry, is integrating its computer systems. You can go to parts of the province today where the computer systems talk with each other. You can go to Oakville-Trafalgar Hospital, where live X-rays are coming across the airwaves from Sunnybrook. That's true integration.

When people tell me there's no integrated system and there's no process in place, we're processed to death. I said at the Insight conference a week ago that my job is to integrate the integrators. ONA has one vision; RNAO has one vision in process; JPNC, the Joint Provincial Nursing Council, has one; the Health Services Restructuring Commission in its vision document thinks it's going to be the lead on integration.

Everybody wants to be the lead on integration. I agree with you; I say to them, "What does it mean?" I know what it means in the cardiac system. It means if my dad has a heart attack, we pick up the phone, my GP doesn't just fish around for his buddies in med school any more to try and find a place to place my father; they actually phone the regional cardiac centre now, complete integration, one-stop shopping and a buddy system to go with it. Under Cancer Care Ontario, you're buddied up with a social worker or a GP and you are not allowed to fall through the cracks. That is true integration.

I'm extremely proud, and I will go and face my maker and go to my grave knowing that during my period as health minister like no one else I can point and I can tour and I can touch integrated health care systems in this province.

Can we bring that all together in a better way? Yes. There's a lot of work to be done. I see the role of the person who sits in this chair over the next couple of very crucial years as integrating the integrators and making sure there is a set of standards for our computer systems. We're working with the international standards body to make sure we get past this stage of hospitals going out and buying their own computer systems that don't talk to the hospital down the street and certainly don't talk to the community care access centre. We are moving on that.

I make a plea to all those who are spending research dollars and their own operational dollars on developing integrated health care systems that the money now has to be spent on taking all those reports and putting them together.

ONA, the Ontario Nurses' Association, is critical of me in its protests, but I think I had a good discussion with them last week. They're critical that I'm perpetuating the current system and not forcing integration, at the same time your comments and others' are, "You don't want to get into a fight with doctors."

We don't own the system; the people of Ontario do. I don't think it's my job to be the big, heavy hammer all the time. In fact, you said yourself that people are integrating now because they've been given the vision and the dollars and they're doing it the way that's appropriate for their area and their system.

To say, as some have said and others have implied, that we're just throwing good money after bad, that we're somehow doing it in a patchwork way — there is not a dollar that has gone out in the time I've been Minister of Health that hasn't gone to a Mrs Jones in her living room who needs it.

By the way, there are no gaps, because the way the system works is the day we fund it — we're on the pre-1985 PSAAB accounting system now — is the day we make the announcement, unlike the \$170 million you announced or the \$23-million community investment fund and all those great announcements. I followed them all; it was quite a fascinating period in my five years as health critic, but the dollars didn't flow.

Today the dollars flow and we are on an invoice system, as we've always been, so when I announce that the Red Cross in somebody's area gets money, they can go out the next day and hire the nurses it needs for the expanded program and they also invoice us. We pay those invoices every 30 days, and we will pay those up to the announced amount. There cannot be a gap in services. The only gap we get from day of announcement to the opening of the new or expanded service is the hiring required and the training sometimes required for the new nurses. I reject that there are gaps. I reject, "This isn't real money."

1740

I'm extremely proud of the estimates this year. I can explain every dollar in it. You point, correctly, to a discrepancy, but something we didn't brag about; maybe I should have. We gave hospitals a one-time \$400-million investment this year. You pointed out a discrepancy between actuals and spending of about \$380 million. It's closer to \$400 million. It was an accounting change as we change our accounting system, and rather than take it from hospitals — and by way, the 11% hospitals have been asked to find, with the growth funding and everything, it nets out to probably less than 8%. It's very doable and we have a number of hospitals today that are in a surplus position, including St Catharines General. I was touring a whole pile of hospitals recently and all of them are at some small surplus, but they can all think of things to do with their surplus, I can tell you that.

There hasn't been a cut to patient care. There's no evidence in this province that there's been a cut to patient care. We do not just welcome the criticism; we want evidence that there is. We have a record budget. We will patch that up if we have to as soon as possible, but we don't have any evidence of this. I've had ONA in, the registered nurses' association in, every group in, and I've said: "I know you have to go and do your thing and represent your union members, but at the same time we all believe in patient care. Please tell me where these gaps are, because I'm not finding them." If we do find them, we are moving extremely quickly, because we have the dollars. In spite of the federal cuts, we've closed a whole pile of ministries and everything has gone into preserving our number one priority: health care.

Integration's important. You mentioned human resources plans — absolutely crucial. There was a lesson with the NDP in British Columbia. In chatting with that health minister last year, one lesson he told me was —



because it was David Ramsay at the time — they closed the largest teaching hospital ever closed in North America, Shaughnessy.

**Mrs Boyd:** Paul Ramsay.

**Hon Mr Wilson:** Sorry; Paul Ramsay, nice fellow. He said, "Have those human resources plans first." That's why I think the commission has ordered that these plans be in place before anybody goes anywhere. We're about two years away from anybody going anywhere as a result of their directives, and these plans will be in place. Vic Pathe has been appointed in Toronto to be the fact-finder. I think he's highly regarded by both sides. He did London. He was involved in Windsor in a cursory way. He is developing, along with the unions and others, a human resources plan and today's legislation will help that.

The silos: You're right. But no one else has done this either. I've changed the assistant deputy ministers in the ministry. We now have Ron Sapsford, the former chief operating officer of the Ontario Hospital Association, who joined us just a few weeks ago, a couple of months ago. He's now our new super-ADM over a number of previous silos, so there's more than just the minister and the deputy looking across all the silos. But at the lower levels now we start to do the integration that we're asking all of our partners to do, so long before things get to me now, they've had that discussion, across the drug program, from the emergency departments, to the operating plans of the hospitals, right through as many of the silos as possible.

We will continue to restructure the ministry. We're on course for a major restructuring of the ministry. We are beginning phase 2 of that. Phase 1 was to completely change the way we do business at the senior levels, and soon we will change business the way it's done in our regional levels.

Our reinvestments are all in the book. They're real dollars. They are flowing. They're not on an ad hoc basis. As I said to the nurses' union: "What do you want me to do? Starve services to people because suddenly overnight you think we're going to move to this new province-wide integrated system?" No. Every dollar that we're announcing is going to some service demand.

By the way, there is no hospital that got a dialysis unit that didn't apply for it. It was a competitive bid. If a CEO is telling you he got something he didn't want, then he shouldn't have applied for it. It was an RFP process, the first of its kind in 10 years: highest quality, best price. In fact, congratulations to the hospital, Mr Kennedy, because they had to sharpen their pencils pretty hard to compete with private sector operators, with nurses who now own and bid on dialysis units. There can't be a hospital that got something it didn't want. They had to bid for it and they probably bumped out a few other people to win the contract in the first place.

On the \$960 million, I'll admit about \$200 million of that is capital. That is for the community health centres in Parkdale — we're redeveloping three of them — and for long-term care at York Central Hospital. We used to call it Richmond Hill Hospital. I don't live too far away from that in my riding.

By the way, that's the first new licence in about 10 years where we've licensed new nursing home beds in

the province. It's nice that we have a \$100-billion debt and inherited about a \$12-billion deficit, but neither of your two parties put in any new nursing home beds. You rejigged and redid it and licences from the north were moved to the south, but no new net ones were added in the last 10 years. We are proud to be doing that and that's been part of the reinvestment.

We're just finishing a bed study to see what the needs are now. We know, for example, that we are underbedded in the Georgetown-Halton area. There's going to have to be future reinvestment out that way, immediately, and in Metro Toronto. I think the commission is making the point in its interim report. Certainly in the two-foot-thick pile of background material there's lots of evidence that we're going to need some more long-term-care beds in Metro. We're working on that right now.

Primary health care: I agree with you 100% that it seems very slow. I'm the fellow who put his reputation on the line, I suppose, last year when I thought that by Christmas we could have a couple of pilot projects. I had no idea — I say this to everyone who asks me and in all of my speeches — that it was so complicated. Many of our multidisciplinary partners saw it as a way to get into OHIP and that opened up a can of worms I didn't anticipate. I never announced that suddenly various therapists were going to become fully part of OHIP. We're not looking for an expansion of OHIP services. We have the largest roster of benefits of any province by far, bar none, in this country and out. We pay for far more things on our OHIP and our drug plans than anybody else does in the country. So we aren't looking for an expansion there.

Second, contrary to Star editorials and others, we're not in the business of giving freebies to doctors. They did not get a fee increase. Every time we go to have those very local discussions with the doctors' groups about a group practice model, they want significant incentives to go off fee for service. They want sweeteners. Frankly, that has been the major obstacle to negotiations. I'm not giving them sweeteners to get part of an integrated, capitated primary health care system. They are difficult negotiations. I don't regret one moment of my negotiations with the doctors.

Do you know what Quebec's answer was to CMPA, the Canadian Medical Protective Association, the malpractice insurance? They want to go alone. That's what they think. At least my call for Justice Dubin to come in and do an actuarial study of it shone light on an issue that I thought — when I was assistant at Health and Welfare Canada, I couldn't believe the provinces opened up paying these invoices and the huge demands. It's how the Liberals got the doctors off the front lawn in 1986: You set up malpractice. You say you'll pay any increase above 1986 levels. Well, lo and behold, we've seen quadrupling.

Once the public purse got involved, the doctors' premiums — the doctors themselves should complain about this, but they don't, an unlegislated — it's not an insurance body, it's a board owned by doctors, in Ottawa, run by Dr Stuart Lee. There is no legislation in place other than an incorporation under a federal act many years ago, but it's not an insurance company.

It was unaudited until I came along. I'm the first minister to ever ask for an audit. When I came in in January 1996, this government was confronted at that time with about a \$40-million increase in CMPA, and there's no way we're paying \$40 million to anybody anywhere in this province until we ask a few questions. Why did they need a \$1-billion fund when the reserves are significantly more than any of the reserves I can find in the United States? What are they going to do with the \$1 billion? The lawsuits are not here.

1750

Our courts capped — by the way, you were an excellent former Attorney General. I didn't mean it that way. You were an excellent Attorney General while you were at it. I thought your grasp of the issues was most impressive for a non-legal background. You would understand better than anyone in this room that the courts are not awarding multibillion-dollar or multimillion-dollar awards for life and limb in this province. They have been very reasonable. The whole premise on which CMPA was established, which by the way had no actuarial study that was available — Margaret Mottershead tried on many occasions before we made any decision on CMPA to get Dr Stuart Lee on the phone and say, "What are your actuarial studies and why are we paying a \$40-million bill?"

Why doctors aren't screaming bloody murder is beyond me. Why? Because they have this exclusive deal with the province of Ontario made in 1986 that we will pay any increase regardless of what it is. So I have no regrets. Did it take me two years and 11 weeks of my life to get this deal? Yes. But I didn't give them a fee increase. I recognized after extremely hard bargaining that 1.5% each year after a number of years of nothing for growth and aging is very reasonable.

By the way, we fund everybody else that way. Hospitals are funded for growth and aging as part of the formula. Everybody else in the system is funded that way. Doctors were an anomaly. We didn't fund them that way. They have no automatic formula they come up with. Community health centres are funded for growth and aging. Name a centre, name an institution, name something, and our formulas recognize growth and aging. Doctors didn't get that, and no discussion was allowed since 1993, according to them, on that topic.

I have no regrets. I've taken terrible personal hits for it. But I like to think I was as tough as humanly possible during that period of time and in the end still able to get a deal that will bring some stability over the next three years.

This isn't a freebie. There is a lot of work to be done in those committees. There are goals and objectives to be met. If they're not met, it will be a breach of the agreement and we may be back at square one. There's a lot of work to be done on both sides. I met this morning with the new president of the OMA, Dr John Gray, and he agrees that there's a tremendous obligation on both sides now to move towards integrated health care systems and to move towards more alternative payment plans and real reform of the health care system. He believes very much that now we have some stability for three years, a three-year opportunity, we will make great progress over the

next three years, because the doctors will get off some of the monetary issues and start to look at some of the system issues we need them to look at.

Promotion and prevention: I think you make an excellent point there. There does appear to be some slippage there in the estimates. We can explain that fully. But we have, and it's credited to your government, the best tobacco strategy in Canada by far. Every time I get interviewed on it, it's as if we should do something more. Actually, the obligation is on everybody else in Canada to catch up, frankly.

Public health today: In public health, we don't have levers. This is the true mythology. We believe that under Who Does What we will be able to put in place legislation that has real teeth. If today a municipality doesn't deliver a mandatory program, what do you do? We're not funding most of them 100%. The range is 25% to 75%. We don't fund the big municipalities 75%; we fund more towards the 30% range. Our levers are very little.

For instance, recently there was a municipality that does not want to do tobacco education. It's a very real municipality. It was brought to my attention last week by the chief medical officer of health. He said, "Jim, what do I do?" I said: "I don't know. Try to embarrass them through the media." So that's what he's going to do this week, he's going to try to embarrass them through the media. I think we're going to have far better teeth.

Where the employees are now, most of the employees in public health are employees of the municipalities now anyway. They own the offices, they own the infrastructure. We will continue to set the standards, and those mandatory programs will be delivered or there will be penalties. The penalties are still being discussed with AMO. Jack Carroll is leading that discussion. There will be penalties for not delivering programs and they won't just be financial levers; there are many other ways to do it.

We have done a lot in promotion and prevention. The pneumococcal and hepatitis B, the first of its kind; credit to Dr Richard Schabas. When I came, he said, "The best thing you can do for promotion of public health in this province is province-wide vaccination programs." There you lock in a guarantee against disease for generations, once you immunize your population. It's a tremendous payback in cost-effectiveness in the system. Can we do more? We will do more, but those programs are the first of their kind and I'm extremely proud of them. Again, the rest of the country has to catch up. Nobody is inoculating their seniors as we are. No one has done the school kids as we have. Having been chair, just over the last year, of Canada's health ministers, I know we are the envy. We had the money and the political will to go ahead and do those things.

Very quickly, I would like to table with the committee, which I will bring with me next time — tomorrow I have to go to Tom Coffin's funeral and the parliamentary assistant, Dan Newman, will be with you, but I will try to make sure we bring along the funding formula for JPPC.

When people tell me that growth isn't recognized, they're wrong. They tell me they're in a unique area. In every area of the province I go to, everybody's uniquely



underfunded. Nobody funds health care per capita. It would be crazy. You know that; anyone who's been in the system knows that. We often use per-capita comparisons among provinces for politicians' sakes, but it doesn't make any sense. Out in Mr Conway's area, where you have a very large concentration of seniors in some parts of that riding, and in Leo Jordan's riding, we spend six times more per capita in health care because they're at a stage in their lives when they need six times more care.

An area like Barrie, which is very young and has huge growth — you could spend all your \$25 million in Barrie if you were stupid and had a formula that just recognized per capita growth, but in Barrie they're young families. Their biggest need is obstetrics. That's where we've had a lot of obstetrical problems — not Windsor, but Barrie. They're not using the cardiac system yet; they're not at that stage in life. Their eyes haven't gone yet. Their bodies haven't got to that anatomical stage where they need more health care.

We fund based on a needs-based formula that's continually being refined. I'm very proud of our formula. The formula established two years ago by the JPPC is a first of its kind. It's the envy of the country and it's recognizing all these little things in the population that need to be recognized in order to properly fund health care.

My last thing: Mr Kennedy mentioned some discrepancy in the drug plan we weren't spending. Please advertise to your constituents that the money is there for Trillium drug. You'll see that line item says we've under-spent by several millions of dollars. It's because we don't have the applications. We had a lot of problems with the slowness of the application process. We've speeded that up. We're pretty well as up-to-date as you can be. That's all the spending we will. This is estimates. You may see a whole pile of people catch on to it this year.

I met with the AIDS groups the other day. Dr Anne Phillips, by the way, ladies and gentlemen, is one of our world leaders on AIDS. She said she has just finished a survey of all North America and Canada and we have the most generous program for anybody, but she was particularly talking about HIV and AIDS. That's a credit to the previous government for bringing in Trillium, it's a credit to us for lowering the deductible to \$350 and it's a credit to us for adding 460 new drugs, including some hugely expensive drugs, to the formulary.

The final thing I'll say is about the article that Kelly Toughill did in the Star — you picked up on it and it's just wrong — about most of the efficiencies in restructuring not coming from closing buildings. That is true; closing buildings saves you X millions of dollars. But we are told by every expert, and the commission's getting the same advice, that the only way to get the clinical efficiencies — because as Minister of Health you cannot order a doctor how to conduct his or her daily business. They decide exclusively when to admit a patient, when to discharge a patient. They decide exclusively what is medically necessary in this province; the Minister of Health does not.

Therefore, the clinical efficiencies come — my uncle is a cardiologist, and everyone tells us this — when you get doctors together on the same site — obviously we're

talking about multisite towns — and the peer pressure is: "Doctor, why do you take an hour and a half? You're holding us up, when I take 40 minutes for the same operation. Could I show you, Gerard, how to maybe do that surgery a little faster?"

That's the clinical efficiency. It's not rocket science; it's human nature. It's hard to show you a chart about it. What you're seeing from the Health Services Restructuring Commission is its guesstimate — they are experts and they're receiving advice from experts — on what clinical efficiencies can be achieved, given best practices elsewhere in the system. Nobody, by the way — and this is a rule they must follow, we're trying to encourage them to follow in our public responses to them, particularly in Metro Toronto. We don't want them setting stratospheric benchmarks that nobody else has achieved. We only want them to ask other players in the system to achieve what others are doing. Thirty per cent of our hospitals are at those benchmarks in one category or another, so nobody is being asked to do the impossible. Doctors, in terms of the clinical efficiencies — it's very conservative.

The final thing I'll say is about targets. Ms Boyd, you were exactly right in terms of saying it was a difficult situation when I came into office. The president of the Ontario Hospital Association at that time, David Martin, said, "If you don't set some financial targets we'll never get started," and you acknowledged that both ways in your remarks. So after a lot of study we set the \$1.3 billion over three years. It turns out we were just about bang on. The commission to date has identified \$1.1 billion, and it hasn't even finished, in clinical efficiencies, in buildings, in maintenance, in huge administration.

It's not like we don't have a plan. The sunshine law was done when we came to office so people would start to see the costs of administration in our health care system. It's immoral. It's awful. Nurses have complained about it for years but the facts weren't on the front page of the paper. As a government we passed the sunshine law and the facts are on the front page of the paper now.

We have a lot of administration. It's a fine line. We need those same administrators' help to get some of the reforms done, so it's always tricky. But we set numerical targets and we said — the Premier said it, I said it the day it was announced, and the finance minister said it — we wouldn't ask anyone to do the impossible. Here's your 18%. We've now come to the point where the third year is going to be very difficult so we've set that aside, because we're true to our word. We're not going to ask people to do the impossible and they are not allowed to cut patient services. It's all about increasing services and getting rid of what we don't need and about what we do need.

If this doesn't sound like a plan to you, I don't know what ever will. But there is a plan, there is a vision. For the first time it's written down in the business plan. For the first time you have vision statements from the Ministry of Health. You've got pamphlets, you've got everything, you've got commissions, and we're all pulling on the oars in the same direction.

**The Vice-Chair:** Just before we adjourn, the minister has informed us that he will not be available tomorrow as he is attending the funeral of Constable Coffin, who was a friend. I guess the committee has the option of either



dealing with the parliamentary assistant or not meeting. Is there any discussion?

**Mr Kennedy:** I would suggest, especially given the very interesting issues raised by the minister, that we defer discussion. Certainly respecting very much the very genuine reason why the minister can't attend, I would suggest we defer it until the minister is next available, presuming that would be the following week.

**Hon Mr Wilson:** If you want to do that, that's fine. It's up to the committee. But you might want to do some of the technical stuff tomorrow with the deputy. I mean the numbers stuff and stuff that I would just bore you with anyway. Margaret is turning all red here. She doesn't want to go through that. But you may want to do

some of the technical questions. There is an explanation for everything and the accountants go through all this.

**Mr Kennedy:** In the list of issues we have and the limited time we have, I certainly respect that suggestion, but I just think issues have been raised in both of our statements that are fresh, that are the kinds of things I think people want to hear from this committee. If the minister is willing, I think we'd like to defer.

**The Vice-Chair:** Any further discussion? Do we have a motion for deferral? Agreed.

**Mr Trevor Pettit (Hamilton Mountain):** So we don't meet tomorrow.

**The Vice-Chair:** We don't meet tomorrow.

*The committee adjourned at 1805.*

## ERRATUM

No.	Page	Column	Line	Should read:
E-32	809	1	25	members: Mr Kennedy as Chair, Mr Cleary, Mr Grimmatt









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**Vice-Chair / Vice-Président:** Bartolucci, Rick (Sudbury L)

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Mr Marcel	Beaubien (Lambton PC)
Mr Gilles	Bisson (Cochrane South / -Sud ND)
Mr Michael A.	Brown (Algoma-Manitoulin L)
Mr John C.	Cleary (Cornwall L)
Mr Ed	Doyle (Wentworth East / -Est PC)
Mr Bill	Grimmett (Muskoka-Georgian Bay / Muskoka-Baie-Georgienne PC)
Mr Morley	Kells (Etobicoke-Lakeshore PC)
Mr Gerard	Kennedy (York South / -Sud L)
Ms Frances	Lankin (Beaches-Woodbine ND)
Mr Trevor	Pettit (Hamilton Mountain PC)
Mr Frank	Sheehan (Lincoln PC)
Mr Bill	Vankoughnet (Frontenac-Addington PC)
Mr Wayne	Wettlaufer (Kitchener PC)

**Substitutions present / Membres remplaçants présents:**

Mrs Marion	Boyd (London Centre ND)
Mr Jack	Carroll (Chatham-Kent PC)
Mr Bert	Johnson (Perth PC)
Mr John	O'Toole (Durham East / -Est PC)

**Also taking part / Autre participant:**

Mr Sean G. Conway (Renfrew North / -Nord L)

**Clerk / Greffière:** Ms Rosemarie Singh

**Staff / Personnel:** Mr Steve Poelking, research officer, Legislative Research Service











